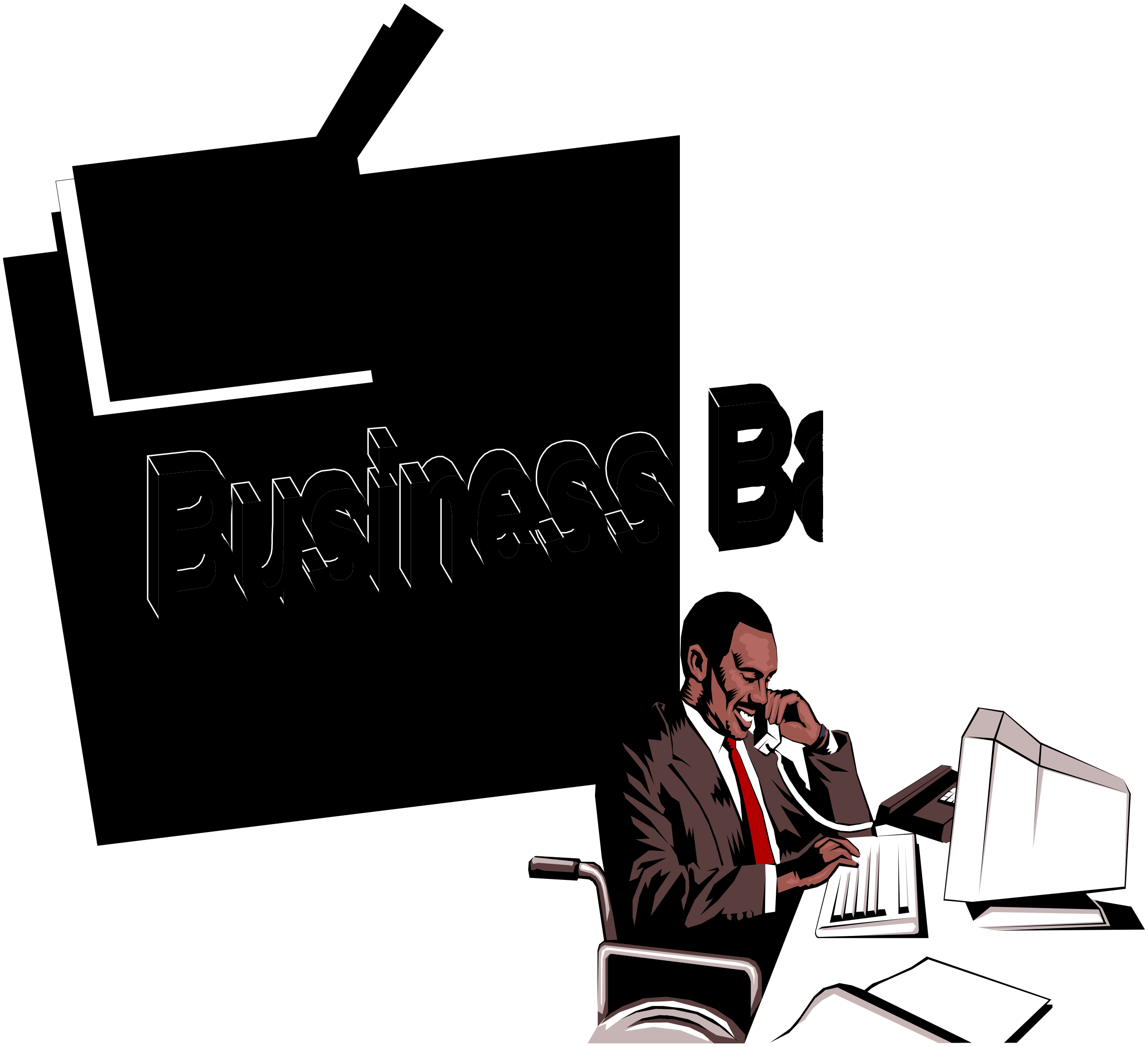

Managing Your Own Small Business

by

Charlotte A. Kuchinsky

and

Bill Gregory

Table of Contents

Section 3 - HUMAN RESOURCES (continued)

Section 4 - MARKETING

Section 5 - APPENDIX

INTRODUCTION

This handbook is designed for individuals who have been in business for one year or more. Its intent is to provide the additional information necessary to assist owners in the successful development and growth of their business. However, it is not intended as a "stand-alone" document. In order for it to be most effective, it should be used in conjunction with attendance at OSBDC/SCORE workshops or in concert with other handbooks developed by OSBDC/SCORE that deal specifically with the most typical problem areas for small business.

The ***"Managing Your Small Business"*** handbook and its companion workshop both focus heavily on the areas of:

- Management,
- Business & Strategic Planning,
- Human Resource Development, and
- Marketing & Advertising.

The handbook shares information on the skills and knowledge required to be successful in the above noted areas, while the workshop brings together experts in the area to share helpful hints and successful business techniques as well as provide hands-on practice through case studies.

Other handbooks developed by the OSBDC/SCORE provide in-depth information on the following individual topics:

"Getting Started In Business: A Step By Step Guide" - addresses the issues of how to start a business; from choosing what type of business to enter to choosing its legal format to step-by-step guidelines for getting it started, and raising capital.

"The ABC's Of Marketing & Advertising" - defines marketing and advertising as well as their cousins public relations and publicity and shares basic information on how to choose the best form of advertising for a business, product, or service.

"Human Resource Development" - addresses the issues associated with having employees: hiring, paperwork requirements, evaluation, conflict resolution, firing, and much more.

"A Sample Employee Manual" - shows the areas that should be addressed in an employee manual, provides sample policy statements, and clarifies employment regulations and laws.

"From Conception To Reality: An Inventor's Packet" - is designed to assist individuals who have an idea or concept that they want to market, but have no idea how to make it happen. The handbook provides information on intellectual property, shares articles and other tidbits that should help inventors steer clear of scam groups, and provides forms guidelines to help get the idea off of the ground.

Workshops presented annually by OSBDC/SCORE include (but are not limited to):

Starting Your Own Business - a companion workshop to the step-by-step guide with the same title, addressing the same issues covered in that handbook, but from a slightly different perspective, by experts in the area. *A morning workshop (8:00 a.m. to 12:00 p.m.) typically presented three times a year in January, May, and September.* **Cost: $10/individual or $15/couple, sharing one handbook.**

The ABC's Of Marketing & Advertising - a companion workshop to the handbook with the same name, focusing heavily on image development. Participants help develop their own business cards and advertising copy. *An all day workshop (8:00 a.m. to 5:00 p.m.) typically presented once a year in the October/November time frame.* **Cost: $25/person**

Understanding Your Small Business Tax Rights & Responsibilities - covers tax information from both the state (sales and employment) and federal levels. *An all day workshop (9:00 a.m. to 4:00 p.m.) typically presented on the first Wednesday of every month except June, July, August, and December.* **FREE**

Other workshops may be presented if requests are sufficient:

Human Resource Development - a companion workshop to the handbook with the same name, focusing on:

- Writing job descriptions,
- Developing an Employee Manual,
- Interviewing techniques,
- Making good hiring decisions,
- Handling problem employees,
- Conflict resolution,
- Conducting performance evaluations, and
- Firing without fear.

Two full-day (8:00 a.m. to 5:00 p.m.) workshops or eight, two-hour evening workshops. **Cost: $40/ individual or $50/couple sharing one handbook.**

Inventor's Workshop - covers information on how to get an invention ready for the market-place. *A half-day or evening workshop.* **FREE**

Still other workshops may be developed based upon multiple requests of OSBDC/SCORE personnel.

In addition to handbooks and workshops, both OSBDC and SCORE (together and separately) provide FREE one-on-one counseling in all areas of business and invention development.

We sincerely hope this handbook will provide you with some useful information as you develop and grow your business for the twenty-first century. If we can be of assistance at any time, please do not hesitate to give us a call (580) 213-3197.

Section 1

Management

What Is A Good Manager?

Planning
Organizing
Leading
Delegating
Controlling
Time Management

What Is A Good Manager?

Management

Over the last several decades many different studies have been conducted to determine what makes a good manager. Leadership ability is nearly always attached to those deemed to be effective managers, but does that mean that you must be a leader to be a good manager? The vote is still out on that issue. The truth is that the more we study "management" the less we seem to truly know about it. Even the experts can't agree on the subject. For the purposes of this book, however, we are going to take the high road and work under the assumption that: ***Management is not a talent or a gift, but a skill that can be acquired.*** We are defining management as **the ability to handle and direct people, products, and/or services.** Finally, we are taking the approach that says leadership is essential to good management skills.

As you consider opening your own business, it is important that you carefully examine your management capabilities. If you are uncertain of your ability to effectively use any one of these skills, now is the time to cultivate them; before you open your business. To run a business successfully, certain capabilities are essential. These include:

1) **Planning**
2) **Organizing**
3) **Leading**
4) **Delegating**
5) **Controlling**

Planning is the framework that allows you to integrate the decisions you make for your business. It involves the development of effective goals and objectives for bringing that future about. It is a rational, systematic method of decision making and problem solving. It combines experience, knowledge, and skill with realistic assessments of where you are in relationship to where you would like to be. It points out the risks you face in charting a course into an unknown future and it helps to identify the hazards as well as the opportunities that can determine your chances of success. It shows you how to turn opportunities into attainable goals within specified periods of time and it helps your business reach critical milestones. It forces you to think of the future in terms of facts instead of fantasies.

Planning, however, requires certain elements in order for it to be successful. It requires involvement by people who are inherently curious; who take time to figure out why things are the way they are. It takes new ideas, new strategies, and new ways of applying old ideas to current issues. It requires an element of intellectual competition and the give-and-take of everyone who is involved. It takes an ability to cope with criticism and to handle rejection from all levels. It takes logic, reason, perseverance, and confidence in the business's ability to succeed in an unknown future. It requires a thirst for knowledge about trends in the industry and a commitment to continued research.

Any business or strategic plan must answer the questions: *Who, what, when, where, why, and how.* Established goals should specifically identify areas where key results are required; set objectives and strategies for achieving those results; and develop policies, programs, and procedures that will make the objectives possible.

Planning and poker have a lot in common. They both call for decisions that are often based on incomplete and sometimes inaccurate information. And they are both affected by chance. Nonetheless, here are seven initial planning strategies that will help you get started toward a successful future:

1) ***Develop the planning habit.*** Plan everything your business does until the process becomes second nature. Start with simple day-to-day activities and then work your way up to a long-range strategic plan. Learn to prioritize goals, objectives, and tasks. Leave no more to chance than is absolutely necessary.

2) ***Ask for help.*** Know what you have to do to complete your goals and objectives and what kinds of help you are going to need from others. Delegate complete authority and responsibility to people who know what you are doing and who are willing to help you achieve your goals. Give them crystal-clear instructions, then back off and let them do the best they can.

3) ***Be accurate.*** Base your plan on concrete facts and real situations. Know the difference between the way things are and the way you want them to be. Get the best information available, then draw up realistic estimates of your chances for success.

4) ***Be perceptive.*** Be on the alert for new opportunities and take advantage of them whenever you can. Anticipate obstacles and devise effective means of getting rid of them. Develop alternate plans to deal with contingencies. <u>Know where you are every step of the way.</u>

5) ***Keep it simple.*** Plans should be simple, well organized, and clearly understandable. All goals, objectives, and tasks should be well-defined. Timetables should be realistic. Resources should be attainable.

6) ***Strengthen your skills.*** Do not leave your plan to chance. If you don't have the skill, discipline, or expertise to carry it out, take the time to acquire them. Strive for greater competency through daily practice and additional study.

7) ***Be flexible.*** Be responsive to every possibility. Modify, change, and/or revise your plans if they prove to be unworkable or obsolete. Avoid the functionally and psychologically destructive stress of inflexibility.

It is amazing the number of people who will go into business without any kind of plan in effect. They honestly see no need to plan; at least until the business begins to falter and go under. Sometimes they will then wonder *"Should I have taken the time to do a business plan? Would that have made any difference?"* The answer is always the same: A resounding YES! But, planning should continue beyond the initial business plan. It should be an integral part of every business year. This is referred to as strategic planning and it is every bit as important as the initial business planning phase.

Planning benefits a business in too many numerous ways to mention, but here are a few that stand out above the rest. It:

- **Directs** by making you to think about the promise of the future rather than failures of the past.
- **Ties all efforts and aspirations together** in a simple, easily understood, well-balanced program.
- **Sets standards for performance**, measuring progress, and figuring out how the business is doing.
- **Clarifies vision** by helping figure out what you really want and cutting through the red tape.
- **Prepares your business** by outlining the tools needed.
- **Reveals the truth** about how tasks and activities interact to ensure success in the overall quest.
- **Stimulates business** by leading onward and upward; circumventing dead-ends and blind alleys.
- **Improves morale, attitudes, and relationships** by giving the business a sense of security.

When asked why he spent so much time in planning and thinking about the future, Charles Kettering, then chairman of General Motors, replied " *My interest is in the future because that is where I am going to spend the rest of my life."* And so it is with your business: Your future lies ahead of you. The time to take your first step is now. Recognize the power in planning and the promise that it holds for controlling your business's future and, while you are at it, remember these key points. Planning:

- Is meaningless without taking the actions necessary to implement it.
- Is an ongoing processes that evolves continually based on performance and feedback.
- May not ensure success, but will greatly increase its probability.
- Ensures others are knowledgeable and committed; efforts necessary to make the plan work.

Organizing, is one of those skills to which few small businesses give credence; particularly with regard to "structure." This is short cited because most truly successful businesses use organizational structure - - generally depicted in chart form - - to let everyone within their organization know "where they stand." These charts clearly explain the chain of command. They also allow communications to flow up, down, and across; involving everyone within the business in some format. This methodology is just as applicable to small business, even when the organization is much smaller; only one or two people.

Organization also involves dividing work into meaningful components and developing a mechanism for integrating the results. Whether a business is two people or two hundred, there must be a mechanism which allows for the division of work; explains the role of staff members; and outlines the vertical and horizontal relationships that indicate authority, responsibility, and accountability. And that is, in essence, what organization is all about.

However, finding and implementing the appropriate organizational design is not always an easy process. There is no one "best" way to organize a business structurally or to organize processes. These structures and processes should ultimately flow from business planning; as a means for achieving established goals and objectives within set parameters. In fact, planning without organization is a useless process. By the same token, organization without planning is equally as inane.

Inappropriate or lack of any formal organization will most likely lead to business failure. For this reason it is vital that sufficient time, energy, and thought be given to this exercise. And don't forget to allow for flexibility. Adaptability will play a key role in businesses of the next century because of the ever accelerating change of pace that continues to rapidly occur along many business dimensions.

Leading. In general, the amount of work that will ultimately be required to implement any business plan will be a function of the manager's ability to influence subordinates, peers, and any other individuals involved in the business. Assuming that adequate finances, technology, and resources are available, the remaining component is the ability of the manager to effectively tap those human resources. This is where leading comes into play and why we are taking the stand that leadership ability is an important part of effective management.

True leaders understand that often the people in the trenches have a great deal to contribute to any planning process, as well as the ability to see possible organizational flaws that managers cannot see. These individuals may have information, perspectives, and ideas that can actually improve the overall business process. And they can provide a reality check that tests feasibility.

Emerging in today's workforce is a new breed of worker. They are more self-reliant, independent, and creative than any previous generation. They expect more from their managers; more focus on quality of life issues; more autonomy in their work; and more recognition that they are an important part of the overall organization. To succeed in the new century, managers will have to make a huge effort to capture and hold the attention and interest of this worker.

Twenty-first century workers are highly computer literate and understands the enormous potential of the technology available. They are a generation used to immediate feedback and instant gratification and, because of that, they offer some exciting and difficult challenges for tomorrow's managers. Although they recognize the need for and the value of hard work and are willing to work hard, they will not wait quietly while management decides to take action. Lead THEM or get of the way and they will take the leadership role from you.

Just like management skills, leadership skills come naturally to some people, but they are few and far between. And just like management skills, leadership can be cultivated. It isn't easy and it won't happen over night, but it can be done.

There have been thousands of studies on leadership with two major questions generally addressed:

1) Who becomes a leader?
2) Which leaders are most effective?

The consensus on the first question seems to be that leaders possess certain characteristics and traits; although exactly which traits and characteristics seems to be the subject of major debate. Some people believe that bright leaders do better than not so bright leaders and that leaders with energy, enthusiasm, and interpersonal skills stand out above the rest. But even after exhaustive study there appears to be no real definitive proof to validate those theories. Instead, what seems to be far more important is a match between leadership and a particular setting. For example, interpersonal skills are important when there are lots of different types of people involved and when group interaction is important. Task skills help when structuring and directions are required. Ultimately this means that factors such as the amount of structure in the task, the interaction required, and the power of the leader seem to make a difference in terms of what leadership "style" works best.

Evidence suggest that every leadership style has its place and that no one style is the absolute best. In some cases leaders need to adjust their style to fit the setting and in other cases they must change the setting to fit their style. Below are listed some of the most common leadership styles:

1) ***Leading by Following.*** Leading by following is an interactive process. The more subordinates (those being led) exhibit competence and self-control, the more the leader can delegate authority (and become a follower). This kind of leadership style is particularly important in areas that are crucial for organizational success and for maintaining healthy working conditions and high morale. Leading by following is the whole basis for the "team" approach; which allows those with the best abilities, skills, and knowledge in a particular area to take the lead in that area and then drop back and take a follower role in areas which he or she is not as strong. This approach gives everyone a chance to excel as well as be supportive of their team members.

2) ***Trickle Up Leadership.*** People feel important when they are asked for their opinion. It gives them a sense of control; it often helps clarify issues; and it even helps them to better understand what decisions are being made and why. While participative management may not always increase effectiveness, it increases job satisfaction in almost every instance. The tricky part for leaders is determining what degree of participation is best in any given situation. Quality circles, autonomous work teams, job enrichment, and job ownership are all examples of different levels of participation. But determining which level is right for any given situation requires solid diagnostic skills. Unfortunately, managers do not always have that skill in their leadership repetoire which can lead to trouble. If a situation is improperly diagnosed, the manager could be left with a decision to either over rule participants' decision or get stuck with a decision that he or she does not believe is in the best interest of everyone involved.

3) ***Membership.*** Everyone has strengths and weaknesses and personality quirks that make them unique. However, sometimes from a leadership perspective, these differences and quirks can present problems; making some people an easy fit with the leader while others don't fit at all. This often causes leaders to gravitate toward certain people within the group (those with whom they fit well), while ignoring others (those with whom they do not fit well). This wreaks of "favoritism" as far as subordinates are concerned, which creates a whole new set of problems. In reality, the leader should be flexing his or her style to meet each individual in the group in order to motivate and maximize each individual's participation as a "member" of the group. That is what leadership is all about.

4) ***The Terminator.*** Unfortunately there are times when a leader has to put his/her foot down and basically set the rules; thereby terminating group participation. It is not the best style of leadership, nor is it the worse. It just is!

5) ***Open Door Leader.*** Some leaders do not set up formal participative groups like quality circles or work teams. They may not even formally seek out the opinions of their co-workers. What they do, however, is make themselves accessible. This kind of open-door policy serves several important functions. It:

- Provides employees with an opportunity to air their problems; either personal or professional. For this kind of policy to work, however, there must be trust between employer and employee. The employee must believe that whatever he or she says, it will remain private. This, therefore, requires the manager to build a system that both encourages and protects the employee.

- Facilitates interaction and the exchange of ideas one an individual, one-to-one, personal level. This kind of interaction serves to build employee esteem in the best way possible. It also often stimulates shy or timid employees, who would never speak out in a group situation, to share their ideas.

- Has a significant symbolic value. It sends out the message that the manager is available, interested, and cares about what subordinates have to say. *(Note: Research shows this style of leadership is represented most often in companies where people report that "like to work.")*

Whatever leadership style chosen, all leaders have certain things in common that set them apart from the average manager. Leaders are able to present a vision of the future that stimulates, excites, and motivates their followers. They are innovative and original. Managers are often "copies" of other managers, but leaders are always original. Managers tend to focus on systems and structure. Leaders more often focus on people. Managers rely on control while leaders seek to inspire trust. Managers have a short-range view of things. Leaders prefer a long-range perspective. Managers eye the bottom line, while leaders keep their eye on the horizon. Managers sometimes accept the status quo, but leaders always challenge it. Managers strive to do things right. Leaders prefer to do the right thing.

Delegating is not a skill that comes easily for most managers. A pessimistic view of others' capabilities restrains managers from delegating tasks to them. Negative consequences to this style of management abound. By failing to delegate, managers run the risk of stifling employee motivation and constraining their growth. Worse yet, by not allowing employees to do what they are trained to do, managers short change themselves; often straining their mental and physical limitations.

Effective delegation requires that managers have clear expectations so that there are no surprises. If only results count, then there should be no second guessing about means. If there is concern about method as well as results, then it should be made clear at the outset. Delegation works best if a manager gives up the authority necessary for accomplishing the task and retains the ultimate responsibility for the subordinate's work. This is a subtle power point, but one that needs to be emphasized.

Delegation is not just pushing work down. When you are delegating, you are consulting and developing as well as assigning work. Open, two way communication is absolutely vital. Another vital factor is empowerment. Delegation - - without empowerment- - is like the Energizer Bunny without his Energizer battery. It just won't work. Empowerment is the step that transfers authority from the manager to the employee, thereby giving the employee the power to accomplish whatever needs to be done. It is, therefore, the most crucial step in effective delegation.

Managers who really seek to empower their employees follow these concepts. They:

1) ***Create a communication process that is complete, consistent, and clearly understood;*** describing as fully as possible the project or task that needs to be accomplished and outlining the expected results. In addition, they share all the information needed to get the job started, or at the very least let the employee know where the information can be obtained. Finally, they explain who else will be involved in the project and describe the scope of each individual's role.

2) ***Agree on standards of performance and timetables.*** Even if the scope of the assignment has already been determined, good managers understand that it is important to get the employee's input on standards and set a reasonable timetable for completion of the assignment.

3) ***Supply the appropriate training, information, and tools to necessary to successfully accomplish the job.*** If special training or assistance is required, good managers make sure that it is available and they share information about how and when it can be obtained. Additionally, they provide employees with the tools they will need to do the job sufficiently.

4) ***Define parameters,*** spelling out any budget constraints or other parameters that might affect the outcome of the job.

5) ***Create controls that are guidelines for flexibility.*** When periodic reports are expected, good managers let employees know exactly what they expect, clearly spelling out any control factors that should be used.

6) ***Spell out the amount of authority being delegated and provide for positive feedback,*** balancing it according to the complexity of the task, their confidence in the employee; and their need to keep others informed.

7) ***Make certain others know who is in charge.*** It is important not to become a communications block between the person to whom authority is delegated and others who will be involved or affected by the outcome.

8) ***Encourage and promote a sense of responsibility***, telling employees how important they are to the overall process. Additionally, they encourage employees to praise one another.

9) ***Listen to employees all the time,*** understanding that they cannot be haphazard in their practices.

10) ***Trust their employees,*** knowing that if they expect performance, more often than not that is what they will get. On the flip side, they understand that if they expect failure, then that is what they will get.

Controlling. The final key of good management is control**.** Someone must have a thorough and continuous knowledge of how each goal and objective of the plan is to be achieved. Only through an effective control process can you make certain that all of the directions given are being properly followed, step by step, and that the overall established goals and objectives are being properly met.

Good managers focus on key goals and action plans, concentrating both on "what" is accomplished - - the output or results - - and "how" it is done - - legal means, use of resources, morale of participants. When outcomes are difficult to measure, it is sometimes necessary to focus more on behavior, assuming that appropriate behavior will lead to good organizational performance. While the means used to control process can be highly programmed, mechanistic, and/or computerized, controlling behavior involves subjective impressions. In this instance, human judgment is required to establish standards and to decide when behavior is inappropriate.

Indirect controls can play a major role in maintaining behavior within allowable limits. Strong organizational cultures lead to homogeneous value systems, internalization of group norms, and the acceptance of guidelines and limits. Direct controls also play a role in both restraining and guiding behavior. Laws, regulations, policies, and procedures are all means of controlling the behavior of individuals and organizations.

Control processes can be specific and tight when they need to be. For example, quality is often a function of precision manufacturing to close tolerances. On the other hand, maintaining customer goodwill at a desired level is not as straight forward. Regardless of the ease or difficulty of measuring performance, the process is the same. Goals and plans must be evident and understood. There must be some means for measuring results, progress, or conditions. And there must be some means of adjusting the process in order to get back on target. Renewed or redirected effort, new materials, or new equipment may be required. This is still a form of control. Some kind of change must be possible or the control process is meaningless.

Tommy Lasorda, manager of the Los Angeles Dodgers, once described good management is like holding a dove in your hand. *"Squeeze to tight and you kill it. Hold it too loose and it flies away."* This is the essence of good controlling - - enough, but not too much. With human behavior, overcontrol can be devastating in terms of both immediate and long-run effects. On the other hand, a laissez faire approach can be equally detrimental. The art of management combines sufficient attention to keep either individual and/or organization endeavors within allowable limits with enough correction to facilitate learning. However, nothing is controlled so much that effort and improvement are stifled. With that in mind, here are a few key points to remember:

1) Controlling is intertwined with and dependent upon goals and plans.
2) The positive connotation of control - - guiding - - has a better psychological effect on people than the negative connotation - - curbing or restraining.
3) Concentrate on monitoring relevant criteria, key goals, important plans, and behavior.
4) Use indirect control whenever feasible. Rely on self-control as much as possible.
5) Use direct controls like budget reviews, performance appraisals, and quality inspections carefully so that correction and guidance can occur without causing dysfunctional resentment.

Statistics gathered by the U.S. Small Business Administration (SBA) indicate that 98 percent of the small businesses that fail within any given year, do so because of poor management; in particular, the lack of a solid business plan. Keep this fact in mind as you proceed through this book. Remember, if your inclination is to discount the information shared herein or the FREE business counseling offered to you by the Small Business Development Center (SBDC); while the choice is certainly yours, make sure you understand all of the possible consequences to your business.

There are several other habits that experts agree will "help" make a better manager. While there is no definitive proof that the cultivation of these habits will ensure exceptional management skills, there is proof that a vast majority of highly effective people have them. With that in mind, what have you got to lose?

1) ***Create a vision.*** Your ultimate goal is to be successful in business. A vision provides people with a framework to make and understand:

- Decisions,
- Goals,
- Plans,
- Resource allocations,
- Trade-offs, and
- Priorities.

You want to be able to develop a sufficient customer base that allows you to sell your product or service. A vision will help you determine at what level that needs to occur. If you haven't considered exactly what you want to achieve, then you haven't looked carefully at the big picture. Do you want to remain a small business - - selling just enough of your product/service to make a living - - or do you want your business to grow and become a Fortune 500 company? What exactly is the end result you wish to achieve? If you have a clear vision of that, you are well on the way to knowing "how" to go about achieving it.

2) ***Define values.*** Rules are inherent in everything we do; even in management. These rules - - or values - -establish the ground rules. Values help to:

- Establish the do's and don'ts's essential to the organization.
- Provide a path for achieving the established vision.
- Offer ways for people to self-regulate their actions and practices.

3) ***Put first things first.*** You can not begin your business in the middle of the process. Beginning without a business plan in mind and without following a set procedure, is beginning a business that is doomed to fail. Do you want to lose your money? Can your ego stand shattering of this nature? What do you stand to lose if you fail? These are just some of the questions you must face if you choose to jump in with both feet without an good plan of action in mind.

4) ***Think win/win.*** Make a conscious decision to set your business up in a win/win scenario. You want to win by achieving your goals and objectives and by being successful in business. That fact is unquestionable. But, keep in mind that your potential customers want to win as well. That means, whatever your product or service, it should fulfill an existing need for your potential customer base. You have to understand exactly what that need is. Is it a new product or service? Is it a better product or service? Is it a cheaper product or service? If you don't know specifically what that need is and how respond to it, then you aren't concerned about the second half of the win/win scenario. Instead, you are setting up a win/lose scenario. How long will your customers stick with you if they don't feel you are concerned about their needs?

5) ***Understand before you try to be understood.*** So many small businesses open up each year, trying to compete in a market where the owner has no experience, no knowledge, and in some instances, no real interest. What a loss of time, money, and energy! The truth is that if you don't have a thorough understanding of your product or service and how it works, what needs it answers, who its customers are, what is competition is, and a thousand other questions, you should give up before you begin. <u>You will not succeed!</u> How can you possibly explain your product or service - - and its value - - to your customer, if you don't understand it yourself? This comes from experience and knowledge. These are certainly things you can "get," but not after you open your business's doors.

*5) **Take the initiative.*** You might think that's what you're doing by opening your own business. Well, that might be true. It all depends upon "how" you go about opening your business. Do you do it your way without paying any attention to tried and true business practices? Do you copy someone else's business success and hope you can fake your way through and that the market is sufficient to sustain your business? Or do you do everything within your power to prepare yourself before you open your business? Taking initiative means much more than just doing something. It means being fully aware of the consequences, preparing for them; and knowing how to overcome possible problems along the way. It means taking advantage of every resource that is offered to you, especially when it is free like those of SBDC or SCORE. You cannot, and will not achieve business success, without a thorough knowledge of the business, without sufficient research of all the potential options, and with constant planning, implementation, testing, and revision.

*6) **Exercise good problem solving techniques.*** Managers face new problems every day. Facing them head-on, requires good problem solving techniques that are organized and carefully implemented. The first step is to clearly and concisely identify *"what the problem is."* Once that has been achieved, then collect all of the information and data possible that might be helpful in solving the problem (or that might hinder the problem solving process). Finally, using creative thinking, start listing as many solutions to the problem as possible. No evaluation or elimination is done during this phase of problem solving. Instead begin testing each possible solution that has been identified. Sometimes, as solutions are tested, one will stand out as the best answer to the problem. However, more often than not, the final solution will be a combination of one or more of the possible solutions identified. Finally, put the solution into action. If the problem is solved then you know you have chosen the right solution. If the problem continues, however, or if it is only partially solved, then your solution was faulty and must be modified until the problem is eliminated. In other words, begin the process again and continue until you solve the problem.

TIME MANAGEMENT

Time management is a vital aspect of overall management. It involves the effective utilization of life's most important asset. It is not managing the clock but rather managing ourselves with respect to the clock. Effective time management does not mean that we should be constant clock watchers and attempt to schedule every minute nor does it mean that all of our time should be used working. The key ideas behind time management are:

1) To think more about how we want to use our time.
2) To work smarter but not longer and harder.
3) To do more of the things we really want to do.
4) To enjoy our lives a great deal more.

Few people actually know how they use their time. Even fewer still recognize the true cost of time on various activities. Other people and events make demands upon our time. In effective time management, we are not just managing ourselves, we are also interacting with other people and events. That is what makes time management so important and yet so frustrating. We have the allocation problem of dealing with an inflexible and irretrievable resource. Time management is continuous throughout our lives.

There is no quick fix to learning how to manage time. It involves analysis, plan implementation, and control. But there is one constant; all of us can learn to be more effective managers of our time.

Below are some suggested techniques:

- Make a list of your 10 most important goals and prioritize them.
- Convert long range plans into shorter project plans on a quarterly, monthly, or weekly basis.
- Make a time analysis, diagnosing how you spend your time. (Keep a time diary for two weeks.)
- Compare actual use with how you want to spend time, looking for discrepancies.
- Set priorities, eliminating low priority items, delegating, and reducing time wasters.
- Learn to say no if activities do not fit into your existing schedule.
- Develop a daily to-do list and prioritize it to do the most important things first.
- Do not procrastinate: If it is important, do it NOW!
- Include slack time for handling emergencies and contingencies.
- Accumulate discretionary blocks of time to accomplish significant tasks.
- Avoid over commitment which leads to rapid burnout.
- Do not be a perfectionist: Perfection cannot be obtained, so you will get frustrated.
- Treat time as a valuable resource and precious commodity.

By no means, have we covered everything you need to be a good manager, but if you cultivate the skills covered within this section, along with some additional ones that will be identified in the Human Resource section, you will be well on your way.

Keep in mind that there is no "sure fire" way to ensure successful management. But, one thing is certain: You can't just "wing" it. It's not fair to you, the people who financed your business, or to your customers for you to try. Care enough to prepare. If you do, you will increase your chances of business success several times over.

Section 2

Strategic Plans

Why Do A Strategic Plan?

Change

Factoids

Managing Change Through Strategic Planning

Change Action Plan

Strategic Plan

Why Do A Strategic Plan?

Strategic Plans

As noted in the previous section of this handbook, planning is the primary function of management and should lead all of its other functions. Unfortunately, over the last few years, the crush of other management "fads and theories" has caused many managers to lose sight of this basic concept.

Realistically, businesses are involved in making decisions and recording results of activities on an almost daily basis. Without some form of formalized plan in place, there is no real way to evaluate the results of those decisions. The strategic plan, however, serves well as this mechanism allowing future actions to be based on a revised plan rather than on revised instinct. The process is best summarized as:

1) **PLAN** - prepare for the future
2) **ACT** - make decisions
3) **EVALUATE** - compare results to the plan
4) **CONTROL** - check the usefulness of the plan

Operating without a strategic plan breaks this continuous process and, as a result, means that businesses end up managing by reacting to events rather than by anticipating and planning for them. Therefore, the importance of planning can not be overemphasized. It forces an organization to take an objective, critical, unemotional look at the way it does business by:

- Identifying areas of strength and weakness;
- Pinpointing needs that might otherwise overlooked;
- Spotting opportunities to begin plans for goal achievement; and
- Recognizing problems by identifying their source, and suggesting ways to solve them.

The completed strategic plan is an operating tool which, if properly used, will help manage the business, as well as ensure its success. It serves both as a continuing feasibility study and as a blueprint for action.

Strategic planning is a dynamic, thinking process. It begins by defining the business's vision and then outlines the core strategies necessary to ensure consistent and meaningful operating plans and budgets. Those, in turn, drive achievement and measurement of the vision.

Businesses embarking on strategic planning must first decide what is driving the plan. Is it an event, a process, a change in roles, or a change in the way the business is run? One thing is certain -- whatever is driving the plan -- strategic planning always results in a significant change. For this reason, we are going to begin by approaching strategic planning from a "change management" point of view.

CHANGE MANAGEMENT

Managers in recent years have been caught in a whirlpool of change that has often diminished their financial resources, reduced their staff, cut their training budget, and increased their personal workload. They have witnessed the elimination of l layers of management and support staff, which often included friends and trusted associates. And many of these changes have created chaos rather than efficiency. For this reason they have learned to fear change and; therefore, to fear strategic planning. Luckily, an equal number of managers actually understand the need for change to take place.

Change is actually healthy and positive when it is well planned and when those who are affected by it are committed to the objectives it is designed to achieve. Under these circumstances change tends to actually stabilize conditions rather than upset them. It keeps the organization in touch with the changing realities of the world rather than on a comfortable road to disaster.

Businesses must continually evolve. Whether they are expanding, contracting, exploring, or eliminating, businesses that desire to keep up with - - or surpass - - their competition have to change. It is a time for new visions, strategies, programs, and actions - - revolution, rather than evolution. Businesses that seek to survive in the upcoming century must:

1) Achieve success; not just try to prevent failure.
2) Plan proactively for - - and take care of - - the company's future.
3) Create teamwork which involves self-initiative and empowerment.

Managing change is never easy, but it can be done and done well if it also involves effective strategic planning. However, before you can even begin, you must understand the following:

1) ***Who and/or what is behind the change?*** Regardless of who is behind the change, its success or failure depends on you - - the manager. Manage the change successfully, and you will have a great accomplishment to your credit and the confidence to continue harnessing the power of change which will make your employees more receptive to it the next time.

The "what" that most often drives change includes:

- Outdated equipment,
- The product line needs an overhaul,
- The economy,
- Customers have changed their needs and/or expectations,
- A prevailing attitude needs adjustment.

Understanding both who and what is behind the change will help master the change process.

2) ***Who needs to be involved to make the change happen?*** Contrary to popular belief, decrees from the top are generally not the way to make successful changes happen. You greatly increase your chances of a productive change by establishing a proactive change team. A team can touch more bases than any one individual and, if managed properly, will be able to elicit more support for the change from other employees, resulting in a win/win situation. *(Note: See information on team building included in the Human Resource Section of this handbook.)*

3) ***What changes can be managed?*** Actually all changes can, and need, to be managed. If you manage change well, it will show. Your results will speak for themselves.

Change demands attention to detail. Otherwise, it will cause tension, confusion, and ultimately, counter productivity. You cannot expect any change to be successful unless you plan it proficiently, implement it strategically, and evaluate it fully. Here is an example of a good six-step change process:

Step 1: Clarify the need for change. Search for the valid reasons that change needs to occur. If the proposed change is creative, you will be able to easily uncover the organizational cues that indicate change needs to take place. For example, perhaps sales are slipping or customers have been steadily complaining. Such "cues" are red flags that indicate a change needs to take place. If your proposed change is proactive, you will need to decide what opportunities, benefits, and/or advantages will occur as a result of the change. For example, will enacting the change help your business gain a greater market share?

Step 2: Define the desired results. Change that occurs without specific goals is mismanaged and will never live up to expectations. Clearly defining desired results will point you in the right direction.

1) **Decide on the desired outcome.** What do you hope the change will do? Are you trying to increase sales; increase productivity; or improve public relations? Are you trying to cut costs?

2) **Determine its feasibility.** Address the question of feasibility before you get full swing into the change. You don't want to discover after the fact that the costly and/or time-consuming change you implemented won't result in your desired outcome.

3) **Consider its evaluation.** Without evaluation, you won't be able to prove that the goals were met or that the outcome was favorable, so how are you going to evaluate?

4) **Recognize who will be affected.** If you ignore those whom the change affects, watch out for problems further down the road. They WILL find a way to sabotage you.

Step 3: Prepare a change action plan. Once you define what you want change to accomplish, it is time to put a change plan together. To do this, you will need to:

1) Analyze the impacts and requirements and
2) Organize the plan.

Analyzing the impact of change and what is needed to successfully implement it, will start you on your way to managing it. Some managers neglect this step, considering it a waste of time. It isn't. Analyzing impact and requirements is critical to productive change. Consider the following:

1) **What will be impacted and how?** Check to see if these areas will be affected:

- The organizational mission, values, culture, and/or organizational structure;
- Human resources (in terms of skill or training requirements);
- Management practices or employee roles or responsibilities;
- Products or services.

Once you have identified what your change will impact, determine how it will be impacted. Maybe you will discover that you need to redesign your organizational structure, clarify your mission, rewrite job descriptions, etc. By taking care of these issues before you implement the change, you won't have to retrace your steps. It will save you a lot of time, money, and stress.

2) **How will the plan be monitored?** Who will direct the change? Who should be involved in identifying and resolving key issues? What kind of tracking system will be used? What methods will be used to incorporate additional points into the change plan? These considerations will help you ensure that the change will do exactly what it is supposed to do - - lead to the desired goal.

Once you have completed the analysis of your plan's impacts and requirements, you are ready to write your change plan in detail. This is where you describe the specifics of who will do what and when. In writing your change plan, consider these questions:

3) **What will the change action plan require?**

- Time,
- Money,
- Acting managers,
- Consultants,
- New or altered roles.

2) **What process and format will be used?** Outline the major activities and specific responsibilities.

3) **How will the change plan move forward?** When you intend to implement any change in any business or organization, it must be organized.

Step 4: Implement the plan. At this point you are ready to put the plan into action. Take these points into consideration:

1) **Monitor the plan.** You must keep a careful watch on the status of the change. Whether it is being implemented over two weeks or two years, if you aren't monitoring it, there is a greater chance it will veer off its course and not reach the desired destination.

2) **Communicate the progress.** Remember that the more you involve your employees, the better. Therefore, don't ignore their input or disregard their views on how the change is progressing.

3) **Determine any changes that need to be made.** While monitoring your plan, you may uncover some tasks that need changing. If you did your homework in step 3, then you will have a contingency plan just in case.

4) **Adjust targets.** If changes are required, targets may also need to be altered.

Step 5: Stabilize the outcome. You have hurdled the greatest obstacles, but you still have two steps left to do. You have invested time, the business's money, and your management skills in the change process. You have implemented your change and you have reached your goal. Don't stop now!

Offer recognition to the employees who deserve it. This recognition should be separate from the incentives you provided during the implementation of the change. Those incentives enabled you to move ahead faster; recognition will ensure that your change doesn't move backward. Remember, those employees who were not as supportive will be watching closely. By recognizing your change supporters, your next change will be easier to manage.

Step 6: Assess the process. Only one step remains in your effort to successfully manage change; assessing the process. You need to evaluate your complete change management process. Identify which steps were the smoothest and which ones you found to be the most difficult. This will make you more than one step ahead next time you need to implement the change process.

It is important to keep in mind that change is never static. It will require adjustments from time to time. Consider:

1) Establishing systems for managers and associates to suggest improvements;
2) Identifying responsibilities for gathering future suggestions; and/or
3) Providing rewards for improvement suggestions.

Successfully managing change requires employee commitment every step of the process. Whether you are in the planning, implementation, or evaluation phase, you must always consider this human aspect. The people aspects are in large part responsible for the success of change. Part and parcel of managing a change is managing the people your change impacts. Organizations that encourage and reward innovation and participation find a higher degree of commitment and involvement among their employees. Think about what it would mean to your business if all employees were committed to the cause of improvement.

Oddly enough, it is not change itself that employees resist. It is their attitudes about change that determine whether or not they will resist. Change affects people in different ways, based on their attitudes and perceptions. It is important to realize that attitudes are both cognitive and highly emotional. Our minds form the attitudes and we often react to them on a gut level. Some employee's perceptions may be derived from common misconceptions about change or from a feeling of certain types of loss such as:

Misconception	**Communication Repair**
Change is the result of something negative.	Assure employees of the strengths they bring to the change.
Change means learning something "new."	Change may only mean using existing skills/behaviors a new way.
Change means loss of security.	Tell employees how the fit within the change.
Change means loss of competence.	Assure employees they will receive the necessary training.
Change means broken relationships.	Explain how the change will benefit everyone.
Change means loss of direction.	Make the mission, goals, and objectives clear from the beginning.
Change means loss of territory.	Let employees know where there new territory is.

Each loss described above has a cost attached to it. Any loss can trigger an emotional response that resembles grief. You must help employees move past their loss to acceptance and to move forward.

People are not weak or old-fashioned if they experience loss caused by change. This is a normal part of transition. In fact, people who do not display any feeling of loss often save it up and become overcome by a seemingly small transition. It is healthier to express and acknowledge loss when it occurs to those involved can move through the transition process more quickly.

Misconceptions and loss issues aside, people unfortunately have a natural tendency to resist change. Anticipating, managing, and overcoming this resistance is the key to successful change. You won't be able to avoid some degree of resistance, but understanding the reasons behind it and working toward a goal of commitment will point you toward productive change management. The following five steps illustrate how you can get buy-in for the change you want to implement:

Step 1: Explain why change is needed. People are more receptive to change when they understand why it is needed. Explain how they will be affected; not in negative terms but in terms of benefit.

Step 2: Encourage two-way communication. Get their reactions and resistance out in the open. Clear up any misunderstandings and misconceptions. Respond to objections in positive terms.

Step 3: Gather suggestions to help put the change into effect. Eliminate personal fears of the unknown by getting them involved in the success. Give them a sense of control.

Step 4: Agree on an action plan. Don't just establish commitment and accountability, focus on opportunities and desired outcomes.

Step 5: Evaluate progress and reinforce the process. Ensure that change is progressing. Make adjustments as needed. Provide recognition for support. Reinforce progress by publicizing success.

Employees respond to change in a variety of ways; both negative and positive. These include:

Negative	**Positive**
Absenteeism	Motivation
Errors	Less errors
Anger	Enthusiasm
More complaints	Less complaints
Transfer requests	Transfer requests
Coming to work late	Coming to work earlier
Resignation	Asking for more responsibility
Stubbornness	Cooperation
Apathy	Excitement
Withdrawal	Assertiveness

As a manager, you will be able to improve employee response to change if you can identify why they resist it in the first place. Take a look at the following five personalities. You may observe one or all of them in your employees' resistance to change. We have also included some strategies that should help you turn potential obstacles into opportunities:

	Characteristics	Strategies
1) Scroogeitis	Focus on economics Hear through their wallets, not their ears	Provide incentives Ensure financial security Increase earning potential Provide cost/benefit analysis
2) Buried Treasure	Don't understand purpose and benefits Not involved in the process	Clarify benefits Involve in process
3) Ugly Baby	They are parental of their methods They feel "their baby" is criticized	Avoid negative comments Focus on enhancements Recognize past as foundation to be built upon
4) Defensive Fences	They take the change personally Feelings of incompetence are stirred	Stroke their egos Ask for their help/advice Demonstrate advantages
5) Comfortable Habits	They feel safe, secure, comfortable They don't feel it is broke, why fix it?	Focus on enhancements Find good in current ways Provide taste-test of change Relate change to goals

In all instances, change will move employees through four phases of transition:

1) Denial,
2) Resistance,
3) Exploration, and
4) Commitment.

The denial stage can be prolonged if employees have not been encouraged to register their reactions or if management expects them to move directly into the change without proper transition. Denial is harmful because it impedes the natural progression of healing from a loss to moving forward. Employees stay focused on the way things were; refusing to explore how they can or need to change. During this stage, it is important to share as much information about the change as possible. Let employees known what to expect and suggest actions that they can take to adjust to the change. Give them time to let things sink in, and then scheduled a planning session to talk things over.

Resistance occurs when people have moved through the numbness of denial and begin to experience self-doubt, anger, depression, anxiety, frustration, fear, or uncertainty because of the change. Some business changes are similar in nature to a death experience. For example, if a company is sold, merged, or has multiple layoffs, the expectations, hopes, promises, and actual work goes through something close to a death for certain employees. People focus on the personal impact of the change on them. This causes productivity to drop drastically. It also causes people to react negatively and be upset. Managers hear lots of grumbling and the personnel department is extra busy with complaints.

Resistance is usually unpleasant for management. It is not easy to endure complaints or suffer blame from employees. Sometimes, managers encourage their team to remain in the denial stage because it is easier for them to manage. On the other hand, resistance is a sign that the group has left that state and is ready to move through change. At this point, it is imperative that managers listen, acknowledge feelings, respond empathetically, and encourage support. Do not try to talk people out of their feelings or tell them to change or pull together. If you accept their response, they will continue to tell you how they are feeling. This will better help you respond to their concerns.

While it is difficult for a company to openly experience negative expressions, that is exactly what helps minimize change impact. Allowing people to express their feelings and to share their experiences makes this phase pass much faster. People believe they are the only one who feel a certain way, or think their reactions are more intense than their colleagues. When they share those feelings with others who feel the same, they feel validated and are more quickly able to move on.

During the exploration phase, energy is released as people focus their attention on the future and toward the external environment once again. There is uncertainty during this phase, including stress among those who need a lot of structure. However, people tend to draw on their internal creative energy to figure out ways to capitalize on the future. This phase can ultimately be exciting and exhilarating. It can create powerful new bonds in a work group. During this state, focus on priorities and provide any necessary training. Conduct brainstorming, visioning, and planning sessions. Set some short-term goals that can be easily accomplished so that workers can begin to experience some degree of success.

After searching, testing, experimenting, and exploring a new form begins to emerge. When this happens, the individual or group is ready for commitment. During this phase employees are ready to focus on a change plan. They are willing to recreate their mission and build action plans to make the change work. They are prepared to learn new ways to work together and have renegotiated roles and expectations. The values and actions needed to commit to a new phase of productivity are in place. This is the phase during which employees are willing to solidly identify with a set of goals and be clear about how to reach them. Now you can begin setting long-term goals. Concentrate on team building. Create a mission statement. Validate and reward those responding to the change.

Because change is inevitable, the challenge is learning to move through the change transition as easily and creatively as possible. What helps people navigate through unknown territory is a map of what they can expect, and information on ways to respond most effectively to the predictable challenges that are presented. That is why an effective and well-organized change process is so important.

In the next century, saying *"We've always done it that way,"* will be a sure fire way to ensure failure for your business. Times have changed. Businesses can no longer afford to stall when it comes to coping with the competition. Change is necessary; to keep up with changing times.

FACTOIDS

1) In the past decade, 30 million Americans have been dislocated by restructuring.
2) Companies expect to cut an average of 15 percent of their workforce before the year 2001.
3) Since 1980, Fortune 500 companies have shed 3.2 million jobs.
4) In the past five years, more than 12,000 U.S. companies and corporate divisions have changed hands
5) 70 percent of mergers end up as financial failures.
6) U.S. manufacturing needs to increase productivity dramatically to remain competitive with foreign industry.

On pages 25 through 27 of this handbook is a "Change Action Plan Outline."

MANAGING CHANGE THROUGH STRATEGIC PLANNING:

A Strategic Plan, while similar in nature to a Change Action Plan, is approached from a slightly different point of few. Below, we have outlined a typical Strategic Plan.

Step 1: Develop a Vision Statement. Envision what the ideal future for your business would be without the current limitations experienced by your business. Focus on your key desires and concepts, not on the exact wording at this point.

Step 2: Draft a Mission Statement. A mission statement tends to be more realistic than a vision statement. It should answer three key questions:

1) Who do we serve?
2) What do we produce?
3) Why do we exist?

It should be feasible, understandable, and concise; broad and continuing in nature, but not so broad as to be meaningless. It should be stated in terms of output rather than activities and worded specifically and purposefully. For example:

The mission of Management, Marketing, Training Solutions, Inc. is to serve business and industry (our customers) through the development of management, marketing, and training programs (our products/services) tailored specifically to the individual needs of our customers (why we exist).

Step 3: Articulate Core Values. The goal is to develop a consensus for your desired organizational values. Once the values are agreed upon, develop a list of action items. Keep in mind, however, that no one can realistically expect the behavior of employees to change overnight to match the new values. Twelve to 18 months is often necessary to change behaviors fully.

Step 4: Key Success Factors. These should be quantifiable outcome measures of success in achieving any team, department, or organizational vision, mission, and core values on a year-by-year basis. This step is necessary to ensure that you are continually moving toward achieving your ideal future vision. Having concrete factors will help you answer critical questions like these:

- How do I know if I am successful?
- How do I know if I am getting into trouble?
- If off course, what corrective actions should I take?

In order to develop key success factors, you must decide which areas define success for your business. Is it:

- Customer satisfaction?
- Financial remuneration?
- Employee satisfaction?
- Competitive improvement?
- Something else?

Once these areas have been defined, specific measurements and targets should be established. Consider limiting the number of measures to 10. This will help you focus on what is really important to your business's success. A lack of focus is the major problem in almost all types of strategic planing. Key success factors should always measure the most important (not what is easy to measure) factors.

It is crucial to this step that you understand different and innovative ways you can measure almost anything. Therefore, success factors must be specific and quantifiable measures; generally in one of four areas:

1) Quality,
2) Quantity,
3) Time, or
4) Cost.

For each area that defines success, set a measurable outcome target or success goal for the final year in your plan. This should be realistic and a goal that you are committed to achieving. Once that is done, develop baseline target data for the current year. Finally, set in place a system for measuring, tracking, and reporting these key success factors on a regular basis.

Step 5: Analyze Where Your Business Is In Relationship To Where You Want It To Be. This step takes stock of the current conditions of your business.

While there are many ways to conduct an organizational analysis, the most clear and simple way is to do an assessment of internal strengths and weaknesses and external opportunities and threats. Then, examine the gaps between this assessment and the organization's vision for strategic and action implications.

Once you have analyzed your business's current state, review it with the planning team and any other applicable stakeholders. Make additions or changes as necessary. Finally, fill in the actions required by each item listed.

Step 6: Develop Core Strategies. This step bridges the gap between the vision you have for your business and where it currently is. These strategies become the organizing framework to guide the remainder of the planning process. The fewer the strategies the better.

Beware of strategies that are only cost-cutting measures. These might include reorganizations, layoffs, business reengineering, and budget cutbacks. Cutting may be necessary, but it is not sufficient for success. Long-term strategies build for the future and focus on quality products and services that satisfy the customer. Both cutting and building strategies are needed.

Involve all of the stakeholders in this developmental step. If you want these strategies to work, there must be consensus.

Be sure to write strategies in the active tense, with an action verb and in a complete sentence. It must be crystal clear what actions you desire. If you did your planning process thoroughly up to this point, this list should be easy to develop. You have probably been discussing them informally throughout the planning process.

Step 7: Put It All Together. All the pieces should now be in place to put your strategic plan together. Consistency in organizing departments, teams, and sections (if they apply) under the same core strategies is the key to an integrated and thorough implementation of your plan. For a small business, however, it should be sufficient to complete one plan for the entire business.

Step 8: Develop A Budget. Once your strategic plan is completed, then you must establish a budget that will allow you to meet your new plan.

Step 9: Implement The Plan. This step focuses on the process of educating and organizing to manage the implementation of the strategic plan. Refer back to the information on implementing change for this process.

Step 10: Strategic Review And Update. By this point you should have developed an excellent strategic plan for your business. Now, your main planning task is to review it and update it annually as necessary. Review periodically to verify your vision, mission, and core values, as well to check your key success factors and core strategies.

Times are a changing. . .and change is a part of every manager's life. However, change can be properly managed through effective and efficient strategic planning.

On pages 28 through 31 is an "Strategic Plan" outline.

CHANGE ACTION PLAN

1. Clarify the need for change. State specifically how it will impact employees, department(s), and the overall organization. Don't forget to list the "human factors" that will be affected by change.

2. Describe your vision of the best possible outcome. What do your want the change to accomplish?

3. What are the strengths of your group/department in undertaking this change?

4. What are the obstacles to change?

5. List the steps for:

   Communication:

Dealing with Resistance:

Getting Employees Involved:

Leadership:

6. What is the timetable for change?

7. What new skills, knowledge, and attitudes are needed to make this change?

Skills:

Knowledge:

Attitudes:

8. How will you acknowledge, recognize, and celebrate this change?

9. What incentives will you use to encourage change?

10. What rewards will you offer positive respondents?

11. How will you assess the change?

STRATEGIC PLAN

1. Develop a Vision Statement?

2. Draft a Mission Statement; answering the following questions:

Why do we exist?

Whom do we serve?

What do we produce as outcome benefits?

3. List core values:

4. Define success for your business:

Key Success Factor	**Baseline Year Target**	**Planning Horizon Year Target**

5. Conduct a current state assessment; then convert strategies into actions.

Strengths	**Action**

Weaknesses	**Action**

Opportunities	**Action**

Threats	**Action**

6. Establish core strategies.

Changing strategies:

From	**To**

Continuing strategies:

7. Put your plan together:

Date: ______________________ Strategy #: ____

Fiscal Year: ________________ ____

Strategic Action	Support/Resources Required	Who Is Responsible	Who Is Involved	When Done	How to Measure	Status

8. Put together a resource allocation plan:

Expense	**% of Revenue/Budget**
Marketing/sales	%
Cost of goods sold	%
General/Administrative	%
____	___________________%
____	___________________%
____	___________________%
____	___________________%
____	___________________%

Section 3

Human Resources

What If I Need Employees?

Recruiting Employees

Fair Labor Standards Act
Child Labor
Civil Rights Act
Age Discrimination Act
Americans With Disabilities Act
Family And Medical Leave Act
Employee Polygraph Protection Act
Occupational Safety & Health Act

Hiring Practices

Placing Ads
Job Application & Interview Do's & Don'ts's

I Have Employees, Now What Do I Do?

The Employee Manual

Human Relations

Motivation
Team Building
Handling Problem Employees
Handling Conflict
Employee Performance Reviews
Disciplining Employees
Termination
Interview Questions
Applicant Rating Form
Application For Employment
Pre-Employment Check
General Personnel Information
Performance Appraisal
Benefits Package

What If I Need Employees?

Personnel

Many small businesses begin without giving a lot of thought to hiring employees. They assume they will do all the work themselves, get assistance from friends or family, or simply contract out special jobs on an "as needed" basis. For some small business ventures, this scenario might work. However, for successful small businesses, who grow at an average rate or faster, the scenario quickly breaks down. At some point the hiring of additional personnel becomes a necessity. After all, 87 percent of all jobs expected to be created in the United States between now and the year 2005 are projected to come from small business.

A common misconception among small business owners is that *"If I only hire one or two employees, I won't have to deal with personnel problems."* Wrong! It makes no difference if you hire one, five, ten, twenty, or one hundred employees, your responsibilities as an employer remain basically the same. These responsibilities will include paying and filing tax returns for federal and state unemployment taxes, social security taxes, as well as income tax withholding for wages. In addition, you will be required to comply with workers' compensation laws, employee health and safety laws, antidiscrimination laws, U.S. immigration laws, and a variety of other state and federal regulations.

The important thing to remember with regard to employees is the strict and absolute adherence to federal and, in many instances, state labor regulations. Personnel policies and procedures are constantly being upgraded and changed to meet new situations, responding to emerging problems, and dealing with existing issues. Whether you are an extremely small business, with only one employee, or a slightly larger one, with five or more employees, you must comply with labor laws.

Often, the first issue is *"How do you define an employee?"* Ultimately, when an employer-employee relationship exists, it doesn't matter what it is called. The employee may be a referred to as a partner, an agent, or even a contractor. It also does not matter how payments are measured or paid or what they are called --wages, salaries, etc., -- or whether the employee works full or part time. Nor is there any employee class differentiation. An employee can be a manager, a supervisor, a technician, a common laborer, or any other of dozens of titles. The real problem comes into play in trying to determine the difference between an independent contractor and an employee. The IRS poses 20 questions to determine if an employee or independent contractor relationship exists:

1. Are instructions given?
2. Is training provided?
3. Are services integrated into business?
4. Are services rendered personally?
5. Are assistants hired by business?
6. Is there a continuing relationship?
7. Who sets the hours of work?
8. Is full-time work required?
9. Is the work done on the premises?
10. Who sets the order or sequence?
11. Are reports required?
12. How are payments made?

13. How are expenses covered?
14. Who provides materials/equipment?
15. Does the person have an investment in the business?
16. Does the person work for more than one person or firm?
17. Is there a potential for loss?
18. Are services offered to the general public?
19. Can the person be fired?
20. Does the person have the right to quit?

A good general rule of thumb to define an employee versus an independent contractor is this: ***If the employer has the legal right to control the method and result of the service provided, the individual he is controlling is considered to be an employee.***

RECRUITING EMPLOYEES

Good employees make the difference between a successful business and a marginal one. It is important to know where to find qualified employees and where those potential employees can receive training, if needed.

One of the first things you should do before hiring employees, is to ask several questions:

1) **How many employees do I need?** In determining how many employees to hire, it is important to determine whether those employees will be classified as:

   - Full time, part-time, or temporary
   - Entry or advanced-level, and
   - Exempt or nonexempt.

2) **What skills are needed in order to perform the work I need done?** In every job there are certain skills, attitudes, and personality traits that make for a better employee. What are they? Beyond that, are there other requirements of the position that are not typically associated with the job? *(For example, a secretary is not usually expected to make sales calls. That would be considered an unusual requirement for that position)*

3) **What education or training is available for employees?** In identifying the education and/or training required of employees, it is important to think in terms of requirements both prior to job start and after hire. Some education and/or training may be necessary before you can even hire an employee; some can be provided on-the-job.

4) **How will the required education or training be accomplished?** Once the required on-the-job education and/or training has been identified, then it is important to consider "how" it will be accomplished. Will it be done:

   - In-house,
   - By contract,
   - Through local education agencies, or
   - By some other mechanism.

5) **What will the employee(s) do?** Many employers do not bother with written job descriptions. The problem then becomes that they can't give candidates a clear picture of what is expected from employees (in general) or from someone in the job (in particular) In the long run, a well thought out job description can save employers time, money, and effort; even though writing it might be a short-term headache.

Smart business people will take the time to transfer this information into a written job description which spells out the specific duties and tasks required. Many cases of employment discrimination can easily arise when these requirements are not clear to individuals who consider themselves good candidates for a job that is vaguely identified.

6) **What are the base wages or salaries I can afford to pay?** The wages (or salary), benefits, and training, added together, account for the overall cost of an employee. It is important to know what that bottom line cost is to the business. Is it feasible? If not, then you have to back up and rethink the issue to determine how to make it affordable. (e.g., making the position part-time, cutting benefits, etc.)

7) **How should I advertise for employees?** Hiring a quality employee is not an easy task. Therefore, it is important to determine - - up front - - what resources are available to find one.

8) **What "process" will I use for hiring employees?** It is also important to determine what hiring process will be used before interviewing begins. This means making a determination how many applications will be accepted (the screening process); how many candidates will be interviewed and by what method (the interview process); and how a final decision will be made (the decision process).

Once all of these questions are answered, you will have a clearer picture of what the employee should be, what (s)he is going to cost - - in terms of time and money - - and what benefits will be derived from having the employee if the right hire is made. Keep in mind, that the costs associated with having employees are much greater than the wages paid. There are costs required by law, as well as many optional costs geared toward helping you keep good employees. All of these must be taken into consideration before making any personnel hires.

There are a variety of labor laws that are administered by the Department of Labor. We will talk about the most common ones in this handbook.

Fair Labor Standards Act

FLSA establishes the minimum wage for full-time, nonexempt employees; establishes overtime pay at not less than one and one half times the (nonexempt) employee's regular rate after eight hours a day or in excess of forty hours within a standard work week; sets the definition of nonexempt employees; covers equal pay for equal work; and covers child labor laws. *(Note: Hospital and residential care facilities may adopt, by agreement of their employees, a fourteen-day overtime period in lieu of the seven-day work week, if employees are paid at least one and one half their regular rate for hours worked over eight a day or 80 in a 14-day period.)*

FLSA does not require:

- Vacation, holiday, severance, or sick pay;
- A discharge notice or reason for discharge;
- Holiday or vacation leave;
- Premium pay rates for weekend or holiday work;
- Pay raises or fringe benefits; or
- A limit on hours of work for employees 16 years of age or older.

These are matters for agreement between the employer and the employee.

Child Labor

Although the wording is slightly different, the Fair Labor Standards Act (FLSA) and Oklahoma Child Labor Laws are similar. They differ in that FLSA states that a 14 or 15 year old can only work up to 40 hours in a non school week; while state law sets the maximum at 48 hours. Additionally, Oklahoma has a compulsory school attendance law that must not be violated in order to employ a minor.

Child Labor Laws apply to minors between the ages of 14 and 17. However, there are different regulations for each age group. Minors under 14 years of age may not be employed, while workers who are 18 or above are considered adults and covered by regulations pertaining to the workforce in general.

Student workers between the ages of 14 and 15 are permitted to work 3 hours on school days and 8 hours on other days, not to exceed 18 hours per week when school is in session. They are prohibited from working between the hours of 7:00 p.m. to 7:00 a.m. When school is not in session, these workers are permitted to work 8 hours a day, not to exceed 40 hours per week and are prohibited from working hours between 9:00 p.m. to 7:00 a.m.

Workers who are between the ages of 16 and 17 are not regulated on the number of hours they may work per day and there are no prohibited hours for this age group whether or not school is in session.

A *"Certificate of Employment"* must be on file for each child 14-15 years of age. These are obtained from the school superintendent. Proof of age is required for those under 19. A *"Certificate of Employment"* is an acceptable proof of age.

Prohibited Occupations - Ages 14 & 15

- manufacturing occupation
- mining operation
- processing occupation
- workplace where goods are manufactured, mined, or otherwise processed
- public messenger service
- operation of tending or hoisting apparatus or any power driven machinery
- occupations found and declared to be hazardous
- occupations involving transportation of persons or property
- occupations involving warehousing and storage
- occupations involving public utilities
- construction occupations
- retail, food service, or gasoline service occupations involving:
    - work performed in or near boilers or engine rooms
    - work in connection with maintenance repair
    - outside window washing that involves working from window sills
    - any work that requires use of ladders, scaffolds, or their substitutes
    - cooking or baking (except soda fountains, lunch counters, snack bars, or cafeteria service counters)
    - operating, setting up, or maintaining power slicers, choppers, cutters, and bakery mixers
    - work in freezers or meat coolers
    - preparing meats for sale (except for wrapping, sealing, and stocking when performed in other areas)
    - loading and unloading goods to and from trucks, railroad cars, or conveyors
    - occupations in warehouses except office and clerical work

Prohibited Occupations - Ages 16 & 17

Minors under 18 may not be employed in any hazardous nonagricultural occupation or occupation that is considered detrimental to health and well-being. This minimum age applies even when the minor is employed by the parent or guardian. Prohibited occupations include working in:

- manufacturing and storing explosives
- motor vehicle driving and outside help
- mining
- logging and sawmilling
- power driven woodworking machinery
- exposure to radioactive substances
- power driven hoisting services
- power driven metal forming, punching, and shearing machines
- slaughtering, meat packing, processing, or rendering
- power driven bakery machinery
- manufacturing brick, tile, and kindled products
- power driven circular saws and guillotine shears
- wrecking, demolition, and shipwrecking operations
- roofing operations
- excavation operations

As an employer, you must be cognizant of all of your obligations under federal and state laws that prohibit employment discrimination based upon a number of issues. **Equal employment opportunity is the law!** While such antidiscrimination laws apply to every aspect of the relationship between an employer and employee like compensation, promotions, work assignments, working conditions, and firing practices, it is in the hiring process that most small businesses make their major mistakes. Be sure that you, and others who might do hiring for you, aware of all applicable statutes:

CIVIL RIGHTS ACT

"prohibits against employment discrimination in hiring, firing, compensation and terms, conditions, privileges of employment on the basis of race, color, religion, sex, or national origin . . . . prohibits any business practice that is not based on a job requirement which has unequal consequences for persons of a different race, color, religion, sex, or national origin."

AGE DISCRIMINATION ACT

"it is unlawful for an employer to fail to, refuse to hire, to discharge, or otherwise discriminate against individuals 40 years of age or older with respect to compensation, terms, conditions, or privileges of employment because of age. . . . to forcibly retire an employee. . .to give preference because of age to one person over another within the protected age group."

AMERICANS WITH DISABILITIES ACT

"prohibits private employers from discriminating against individuals with disabilities. . . prohibits retaliation against an employee for taking any action pursuant to the act. . .requires employers to provide reasonable accommodations to the disabled including making existing facilities accessible. . .to provide special equipment and training. . .to arrange part-time or modified work schedules in order to employ the disabled."

Note: This act now encompasses what was formerly known as the "Pregnancy Discrimination Act."

It is also important to note that businesses that wish to do business with the federal government are required to adopt affirmative action programs to employee minorities; women, people with disabilities, and Vietnam veterans. These affirmative action programs go way beyond just the mere elimination of discrimination. Under these programs, employers must consciously make an effort to hire more women and minority group members and to upgrade the pay and responsibility levels of groups that have historically been the subject of discrimination. *(Note: EEOC poster P/E-1 must be posted where employees can see it at all times. Contact the OSBDC office for information on obtaining this poster.)*

As an employer you are required to keep detailed records regarding your reasons for hiring (or not hiring), promoting (or not promoting), and increasing compensation (or not increasing compensation) on all employees. This documentation is necessary in the event that your firm is ever required to prove that it has not discriminated against certain job applicants or employees. The best method of keeping such records is through a formalized employee manual that clearly documents your company's policies and procedures with regard to personnel issues. Once established, and followed to the letter, such documentation is difficult to dispute. *(Note: The OSBDC office has a "Sample Employee Manual" that can help with easy development of your company's manual. The cost is $5.00: our cost for replacement paper.)*

Other issues you must keep in mind as an employer include:

FAMILY AND MEDICAL LEAVE ACT

"entitles employees to take up to 12 weeks of unpaid, job-protected leave each year for specified family and medical reasons. The leave entitlement is for: the birth or placement of a child for adoption or foster care; the care of an immediate family member (spouse, child, or parent) with a serious health condition or of the employee who is unable to work because of a serious health condition."

(Note: U.S. G.P.O. Poster 363-608 - Your Rights Under The Family and Medical Leave Act of 1993 must be posted where all employees may see it. Contact the OSBDC office for information on obtaining this poster.)

EMPLOYEE POLYGRAPH PROTECTION ACT

"prohibits most private employers from using lie detector tests either for pre-employment screening or during the course of employment."

(Note: WH Publication 1462 - Employee Polygraph Protection Act must be posted where all employees can readily see it. Contact the OSBDC office for information on obtaining this poster.)

OCCUPATIONAL SAFETY & HEALTH PROTECTION ACT

"provides job safety and health protection for workers by promoting safe and healthful working conditions."

(Note: GPO Poster 355-763 OL3 - Job Safety and Protection must be posted where all employees can readily see it. Contact the OSBDC office for information on obtaining this poster.)

HIRING PRACTICES

The purpose of the following information is to provide you with as much knowledge as possible to avoid discriminatory issues.

Placing Ads

In placing a "help wanted" ad, or in listing openings with employment agencies, it is important to avoid anything that would seem discriminatory in nature. This would include references such as these:

- Race or national origin, including any references to "native language"
- Sex classifications such as "female secretary wanted. . . "
- Age such as "mature woman, over 40, or "recent high school graduate"
- Marital status such as "married man. . ."

Also, remember that ads must be placed where disabled individuals can learn about the available position; must not discourage them from applying; and must give them access to the business.

Job Application and Interview "Do" and "Don'ts"

Employment applications and interviews must also avoid discriminatory questions and/or references. The following information cannot be requested:

- The applicant's Social Security number;
- Whether an applicant is single, married, divorced, or widowed; has children, is pregnant, or plans to have children, the age of children or child care arrangements;
- An applicant's maiden name, spouse's name, or if the name has national or religious affiliation;
- Any questions relating directly to race or color;
- Whether the applicant is male or female; if the applicant is gay or heterosexual;
- The applicant's age, birth date, graduation date, or any question designed to calculate age;
- The applicant's religious preference; church or parish; names of clergy; religious holidays; or place of birth;
- If the applicant is a U.S. citizen; if (s)he, his/her spouse or parents are native or naturalized; request dates of naturalization or application papers; any question about national origin including birthplace of applicant, spouse, parents, or grandparents or date of citizenship;
- For non job-related educational requirements or the racial, national, or religious affiliation of schools attended;
- Native language or how an applicant may have learned a foreign language;
- Whether or not the applicant is disabled;
- Whether or not the applicant has any health related conditions;
- Physical characteristics like height or weight;
- For a photograph of the applicant (or take pictures during interview);
- If an applicant has ever filed for unemployment benefits;
- Labor union affiliation;
- Whether the applicant owns or rents the home or who resides with him/her;
- Mode or method of transportation to work;
- Club or organizational affiliation designed to reveal applicant's religion, race, color, or national origin;
- The applicant's willingness to work religious holidays;
- For specific references from anyone reflecting the candidate's color, race, religion, sex, national origin, or ancestry;
- Type of military discharge or affiliation with foreign military branches; for service record copies;
- If an applicant has ever been arrested
- ANY NON-JOB RELATED QUESTION

Applications and job interviews should ask questions like:

- What formal training have you had?
- What practical experience have you had?
- What are your strengths and limitations regarding the position you are applying for?
- Why do you want to work for us?
- Why do you want to leave your present ob?
- What do you like best and least about your present job?
- Are there any job conditions or situations that make you uneasy?
- What kind of people do you get along with best?
- What kind of people do you find it most difficult to get along with?
- What have you done in your present job that you are most proud of?
- What do you expect to, and not to, do in the position you are applying for?
- What salary range are you looking for?
- Do you have any questions?
- Where would you like to be in one year? Five years? Ten years?
- What salary range are you looking for?
- Tell me about yourself.
- Tell me about a typical day in your present (or last) job.
- What type of criticism has your former manager given you?
- If you could have made improvements in your last job, what would they have been?
- How do you think you could improve yourself?
- Describe the best person who ever worked for you or you ever worked for.
- What kind of people annoy you?
- How do you think your previous experience ties in with the job we have open?
- Describe emergencies in some of your jobs for which you had to reschedule your time.
- In what way would you like our company to assist you if you join us?
- What is your long-term ambition or goal in life?

(Note: A list of possible interview questions, and questions that may not be asked during interview (or on application forms) is included in this handbook on page 66.)

With proper screening, you - - the employer - - can weed out the majority of applications and settle on the number of candidates to be interviewed; generally three to five. If the screening process fails to significantly reduce the number of candidates, another look should be taken at the "minimum qualifications." In instances where a large number of qualified candidates are available, you can afford to be a little more choosy with regard to preferences.

Some employers use an applicant rating form in conjunction with the interview process. The form helps to crystallize thoughts about each candidate by rating them on their experience, abilities, and/or aptitudes. Once all of the candidates have interviewed, the form is an excellent reference tool to measure candidates against one another. This can be extremely helpful in making final selection choices. *(Note: A sample Application Rating Form is provided on page 67.)*

It is important to be thoroughly prepared for the interview process before interviews are scheduled. Here are some tips:

1) Have all the needed information at your fingertips. This generally includes the application form, a preestablished set of interview questions, and the salary range and benefits package being offered.

2) Avoid typical interview pitfalls such as making unfavorable comments during the interview, failing to use a uniform process, or making selection decisions based on issues other than job qualifications.

3) To ensure a positive interview ask open-ended questions that require explanations and allow the applicant to respond at his or her own pace.

Here are some things to look for in "body language" during the job interview.

- **Signs of nervousness:** tilting, jumpiness, nail biting, tics, slouching in chair, hand movements;
- **Grooming.** Observe shoes, fingernails, makeup, hair, clothing choice, cleanliness, neatness;
- **Use of pat phrases or verbal crutches** like "to tell the truth," "frankly," "basically," and "you know";
- **Lapse of memory:** inability to remember dates, job changes, and important events.

Background and reference checks should be performed to follow-up on the information provided by the candidate. These checks are helpful in weeding out unqualified candidates and narrowing the field to one or two choices. As with all aspects of the interview, background and reference checks must be handled carefully. To lessen the possibility of stepping over legal boundaries:

1) Collect only information that is relevant to the job the applicant is applying for;
2) Reveal the information obtained only to those making the selection decision;
3) Establish a clear set of procedures on how the information will be collected and used;
4) Avoid attempts to collect information from sources the applicants has not authorized; and
5) Collect information in person or by phone, rather than in writing.

Once applications are reviewed, interviews are conducted, and background checks performed, an employer should have sufficient information on which to base a hiring decision. However, it is important to remember that the candidate chosen may or may not accept the position. (S)he may have received a received a better offer or may wish to negotiate employment conditions. For this reason, it is important to predetermine which issues (e.g., duties, pay, benefits, hours, vacations, titles, or responsibilities) you are willing to negotiate. Once all issues have been clarified and approved by both parties, a formal job offer can be made. Assuming the candidate accepts, then notify other candidates that the position has been filled. If, on the other hand, the chosen candidate declines, you must decide whether or not to move on to the next rated candidate or begin the entire process again. This decision will likely hinge on the quality of the next candidate in line.

The hiring process is complex and time consuming; both for the employer as well as the applicant. A successful "hire" will result in a highly motivated, qualified employee who thoroughly understands his or her role in the company and both feels and responds like an important part of the business team.

In the back of this section you will find some additional information to help answer some of the most often asked questions and commonly expressed concerns about hiring employees. You will also find worksheets, checklists, and sample forms geared toward assisting you with your personnel decisions.

I Have Employees, Now What Do I Do?

Personnel files must be kept on each employee hired. This file should contain the following information:

1. Background information such as applications, resumes, certifications, license, permits, letters of recommendation, etc.
2. Required records and pay and benefit information such as Immigration & Naturalization form I-9, federal form W-4, time sheets, sick and/or annual leave forms, etc.; and
3. Performance appraisal records.

Note: See the "General Personnel Information" sheet on pages 68 and 69 for information on how to obtain the necessary forms.

Another important part of having employees is clear communication. One of the best methods of opening communication with new employees and maintaining it throughout the life of the relationship is through an Employee Manual. This document explains how the company manages its employees; spells out the established rules and regulations; and makes clear all general expectations. It also lets employees know how they "fit" into the overall organizational structure of the business; what the chain of command is; and what options they have available to them.

Unfortunately, small business often assumes that is does not need such a guideline, thinking "I only have one employee. Why go to all that trouble?" A couple of reasons stand out above the rest. First, the more information that is documented about how employees are handled within a company, the simpler it is to defend company actions in court, if the need arises. Second, the Employee Manual is one of the best communication tools that can exist between employer and employee.

The first part of any Employee Manual should outline its purpose, welcome the employee to the company, and provide a brief overview of the business. The amount and detail of the information included in this section will depend, in part, on the age and size of the company. Small, or young, companies will likely require much less information than larger, well established ones. Within these businesses, new employees will have more of an opportunity to interact directly with other employees and with management. This will help these individuals to quickly gain the company's perspective. However, companies with 10 or more employees often possess a more impersonal work environment. In these instances, any assistance the Employee Manual can be provide to help new employees understand the company is important.

It is always a good idea to begin the manual with a welcome letter from the company's owner. The letter sets the "tone" of the manual as well as introduces the philosophy of the company. It should be short and to the point but genuine in nature; thanking the employee for selecting the company and stressing his or her role as a part of the overall organizational structure.

The bulk of the Employee Manual should be dedicated to the company's personnel policies and procedures. It must give employees a clear picture of the "process" that will be used to guide, counsel, and manage them.

All states have their own laws and regulations that affect the employee recruitment and selection process. Often these laws are derived from applicable federal laws. In some cases, however, states impose additional requirements or broadened coverage. All policies and procedures laid out with the manual must adhere closely to both federal and state law.

Policy items that should be covered within an Employee Manual include:

1) Personnel procedures,
2) Equal employment opportunity information,
3) Method of employee recruitment and selection,
4) Employment classifications,
5) Employment issues,
6) Employment benefits, and
7) Job descriptions.

Personnel procedures refer to items such as:

- Who (within the company) will handle personnel matters;
- What records will be kept in the employee's file; and
- What the chain of command or procedural guidelines are.

Depending upon the size of the business, there may or may not be a separate individual who is designated to be in charge of employees. However, who ever the appointed individual is, each employee should understand who it is that has final say with regard to employment issues.

Some companies have a "chain of command" or procedural guideline to be followed with regard to personnel issues. If this kind of procedure exists, companies need to include that information within the Employee Manual.

Equal employment opportunity refers to federal and state laws that prohibit discrimination in employment. These laws relate not only to hiring practices, but also define the employer's obligations with regard to compensation, promotion, type of work assigned, and working conditions. Every Employee Manual must include an equal employment opportunity policy that basically affirms the company's intent to comply with EEOC and Affirmative Action laws and regulations.

Most human resource experts recommend that an Employee Manual outline the company's intended method of ***employment recruitment and selection.*** The intent of such a policy is to clarify the methodology used in obtaining new employees as well as for selecting employees for in-house promotion.

Employment classifications define the "type" of positions within the company (e.g., full-time, part-time, temporary, exempt, nonexempt, etc.) These should be spelled out clearly and distinctly within every Employee Manual.

Employment issues deal with the method and ways that employees will be treated within the company. This section general includes things like information on:

- Work schedules,
- Meal times,
- Breaks, and
- Absence notification.

Employee benefits greatly enhance employee morale and often times lead to greater productivity. A company's ability to offer benefits, in addition to wages and salaries, often determines the business's ability to attract and keep good employees. Therefore, these benefit packages should be highlighted within any Employee Manual.

Benefits can generally be divided into four parts:

1) **Required benefits:** those required by either federal or state law; such as:

- Jury duty,
- Military leave of absence,
- Family and medical leave,
- Workers' compensation,
- Disability leave, and
- Pregnancy leave.

2) **Standard benefits:** those offered by the majority of U.S. businesses; such as:

- Holidays,
- Vacation,
- Sick leave,
- Funeral leave,
- Personal leave,
- Insurance,

3) **Favorable benefits:** those that are popular with most employees; such as:

- Voting, and
- Educational assistance.

4) **Optional benefits:** those that creative, forward-thinking companies include.

Employment policies refer to those miscellaneous policies with which the employee may need to be familiar. Examples of such policies include:

- Personnel use of company property;
- Dress code;
- Employee visitors, phone calls, or mail;
- Housekeeping rules;
- Promotion procedure; and
- Grievance procedure.

Another important part of having employees within your business is human resource development. As an employer, you are responsible - - to a certain extent - - for the maintenance and care of your employees. That goes far beyond just letting them know what you expect from them and what you will provide for them. It includes responsibility for their continued development both as individuals and as workers within a given field.

(Note: The OSBDC/SCORE office has a "Sample Employee Manual" that can be purchased for $5.00. It contains all of the necessary information - - and written policies - - necessary to put an Employee Manual together. For more, information, call the OSBDC office, (580) 213-3197.)

HUMAN RELATIONS

Some businesses underestimate the problems that poor human relations cause. They concentrate on productivity and ignore the fact that they, and their employees, are a part of a complex team structure which can only operate efficiently when human relationships are given the proper amount of attention.

.

The dynamics of human relations is such that it is essential to maintain cooperative efforts among all members of the organization. This means that employers must be able to relate with their employees, as well as with their customer. It also means that employees must be able to relate with both their employer and their customer. The quality of these interactive relationships will influence the productivity of each individual within the structure and ultimately the successfulness of the business.

Human relations issues span a broad boundry of problems. Some result from a general lack of education or inappropriate training. Some are caused by a lack of motivation. Still others result from problem--or merely inconsiderate--employees. Obviously we cannot realistically address every human relations issue within this handbook. What we can do, however, is touch upon the most common; which, coincidently, are all within employer control. These include:

1) Lack of motivation;
2) Lack of teamwork;
3) Problem employees;
4) Conflict on-the-job;
5) Performance;
6) Discipline; and
7) Termination.

While there is no quick fix with regard to any of these issues, one thing is for certain, ignoring them or refusing to deal with them will not make them go away. Whatever the issue, it needs to be approached head on.

Motivation. Motivational problems often stem from the fact that employers tend to assume that money, benefits, and good working conditions are the only motivation that employees should need to do their job well. In actuality, that is far from the truth. Money, benefits, and working conditions simply "satisfy" an employee's need to pay bills, their ability to provide medical coverage for their family, and their want to be treated fairly as a human being. Motivation is something all together different. Even more to the point, what motivates one employee is very likely different from what motivates another.

To determine how to motivate employees, employers must first examine why their employees are not currently responding the way they want. There are several primary reasons why this occurs:

*1) **They Don't Know "Why" They Should Do It.*** This relates to an employer's request for doing a project, process, or job a certain way. It can be overcome it by explaining what the benefits are to the organization for doing it that way; the consequences for doing it incorrectly; and/or what the benefits are to the employee for doing it as asked.

*2) **They Don't Know "How" To Do It.*** Employers assume that "telling" an employee to do something is sufficient. But "telling" is not the same as teaching them how to do it. Demonstrating a project, process, or job is a form of teaching but for the employee to actually "learn," the task must be practiced. Assigning a supervisor or mentor to work with the employee until the task is learned is a good way to overcome the problem.

*3) **They Don't Know" What" They are Supposed To Do.*** This is a problem when job descriptions are not provided. The distinction between what the employer has assigned as the employee's "responsibility" and what the employee thinks (s)he is supposed to "do" is unclear. Whenever employers hear the phrase "that's not my job," they should recognize this particular problem. It can be overcome by providing employees with a clear cut job description which outlines in detail their duties and responsibilities.

*4) **They Think Something Else Is More Important.*** Few employees come to work with a built in knowledge of how to prioritize. If employers fail to get the point across that one job has precedence over another, employees may incorrectly assume that something else holds a higher priority. This can be solved by prioritizing for them.

*5) **There Is No Positive Consequence For Them Doing It.*** Employers often create this problem. A good example would be requesting an employee stay late to finish a report; thereby implying it is of high priority; then failing to immediately read the report once it is submitted; thereby implying it's low priority. The message sent to the employee is mixed. (S)he expected the boss to immediately read the report (positive consequence).

*6) **They Think They Are Doing It.*** When employees don't receive feedback they believe what they are doing is what is expected. In other words, they think they are doing their job correctly. This issue can be easily resolved through regular performance evaluations which spell out what the employee is doing right as well as what they are doing wrong.

*7) **They Are Rewarded For Not Doing It or They Are Punished For Doing What They Are Supposed To Do.*** Employers often assign the most difficult tasks to the same people because those individuals do a good job. They also tend to assign easy work to individuals who can't seem to perform at the required level. Either way sends a bad message. Assigning difficult tasks over and over to the same individuals, because they took the initiative to do them well, is a form of punishment for achieving. In the same respect, refusing to assign difficult tasks to people who routinely perform badly, rewards them for unacceptable work performance.

*8) **They Anticipate A Negative Consequence For Doing It or There Is No Negative Consequence To Them For Poor Performance.*** Some employees lack confidence in themselves and need to be bolstered. They are afraid of failure and, therefore, unwilling to take chances. Other employees don't perform because they have gotten by with "sliding" before and think they can again. They have never been called on their lack of performance. These problems can be handled through performance evaluations.

*9) **Obstacles Beyond Their Control.*** Sometimes employees can't perform a project, process, or task because of obstacles beyond their control. A good example would be lack of the necessary resources. Employers must realize that, in order for an employee to perform at the desired level, (s)he must have the resources available to them.

*10) **Their Personal Limits Prevent Them From Performing.*** Employees are sometimes asked to perform tasks they can't perform because of personal limits. For example, a five foot, ninety pound female may not be physically able to lift a one hundred twenty pound box of supplies. Employers must be careful to match tasks with capabilities.

*11) **Personal Problems.*** Sometimes temporary personal problems interfere with an employee's performance. This is human nature. Unless it becomes chronic, it should be overlooked.

*12) **No One Could Do It.*** Occasionally employers are unrealistic with their requests. A good example would be giving a secretary an eighty page report and telling her it must be done within two hours. Even at one hundred words per minute, it can't be done. Employers must set realistic, achievable goals.

Another key to motivating employees is understanding the difference between motivators and satisfiers. Every worker wants to feel good about doing his or her job; that is, they need to feel satisfied. ***Satisfiers*** are made up of several factors, but can be related to the five levels of need:

*1) **To survive.*** In employment terms this can be equated to the wage or salary earned. Employees need enough money to live on.

*2. **To have security.*** This relates to the benefits employees want as a part of employment; particularly those that relate to job security and retirement security.

*3. **To belong.*** This is less tangible, but non the less important. Employees need to feel like an important part of their community; both personally and professionally, whatever their job may be.

*4. **Prestige.*** This relates to the human need for dignity. All of us need to feel like we "matter" in all aspects of life.

*5. **Self-fulfillment.*** A feeling of self-worth may be the most important need of all. It is what gets us up each morning and keeps us going every day.

Motivators, on the other hand, are things that stimulate employees into action on-the-job. True motivators include things like:

*1. **Recognition of job contribution.*** Most human beings crave recognition. They want to know that others - - especially their employers - - have noticed their hard work, acknowledge their contributions, and appreciate their talents. In most instances recognition does not have to be anything grand.

*2. **Positive reinforcement.*** We unfortunately live in a world where a large majority of bosses tend to criticize, condemn, and complain; never forgetting about negative performance, but seldom, if ever, recognizing positive performance. Even those that do recognize good performance often take it for granted. Human beings, on the other hand thrive on positive praise. It feeds egos and helps make us feel good about ourselves. Without it we tend to feel inferior, resentful, and hurt. Basic leadership rules say that focusing on positive things, giving attention and appreciation to the good things people do, reinforces their desire to "do the right thing." Good employers will look for praise worthy situations, keeping the following in mind:

*3. **Genuine caring.*** Nothing short of total job satisfaction, fosters employee motivation like genuine caring. Employees that know - - without a doubt - - that their employer cards about their health and well being will nearly always go the extra mile; working harder, longer, and with less error. Such genuine care can be expressed through simple acts of kindness.

*4. **Opportunity for growth.*** Few of us want to remain i the same job forever. Therefore, when given the opportunity for advancement - - whether in learning or in job position - - most of us will not only welcome it, but give it our all. It is simply human nature to want to excel.

A few people won't be motivated by traditional methods. This is particularly true of employees who have been with their company for many years. They have gone as far as they can go and they know it. They, unfortunately, also know that is is unlikely they will be fired as long as they meet the minimum job performance standards. Most businesses refer to these individuals as *"coasters."*

A successful approach to motivating coasters is to provide them with a challenging assignment or project that they can sink their teeth into. For these types of employees, challenges can be powerful motivators.

Employers who provide a solid mixture of both "satisfiers" and "motivators" create job satisfaction: The greatest motivator of all. Employees that are happy in their jobs, are always motivated. However, what will constitute job satisfaction - - just like motivation - - will vary from employee to employee and from job to job. It is an illusive thing; but one thing is certain. Employers who take the time to find the magic motivation combination, generally have excellent employees for life.

Team Building. From the beginning of time, people have formed groups. Those groups have been the basis for family living, protection, waging war, government, recreation, and work. Group behavior has ranged from total chaos to the sublime. However, over the course of the last few decades it has become apparent that groups enjoy their greatest success when they become productive units, referred to as "teams."

Within the context of the team each member plays an assigned role which is based upon his or her talent and capabilities. When members come together to integrate their skills, accentuate their strengths, and minimize their weaknesses team objectives are almost always achieved. On the other hand, when groups play as individuals they usually fail.

Effective teamwork knows no level. It is just as important among top executives as it is among middle managers, first line supervisors, or the rank and file. The absence of teamwork at any level, or between levels, will limit the organization's effectiveness and can eventually kill any company. One of the most important aspects of team building is making certain that you have chosen the right team members. To assure this:

1) Analyze job requirements thoroughly;
2) Identify the needed skills, knowledge, and attitudes;
3) Prepare a description of the teamwork concept;
4) Make certain each applicant understands all of the requirements;
5) Evaluate facts; avoiding premature conclusions or stereotyping applicants; and
6) Hire people that have the potential to succeed in the position.

Hiring the right people for the team, however, is not enough. They must also be trained to function together as a team. Some employers are effective trainers; others are not. Whether training is provided in-house or elsewhere, it is an essential part of the team building process.

An effective training program should:

1) **Include a periodic performance review** of each employee against expectations; jointly identifying training that will help strengthen the results.

2) **Listen to and support an employees' growth objectives** whenever it is possible.

3) **Reinforce the importance of training;**

4) **Create an atmosphere where the employee can learn;**

5) **Help employees develop an action plan that they can apply directly to their jobs;**

6) **Let employees evaluate the program;** recommending whether or not it is suitable for other members of the team;

7) **Allows employees to apply techniques and methods learned during training;** and

8) **Rewards employees** for applying their newly acquired skills.

Problem-solving is another important piece of the training puzzle. It should be taught at every level of an organization. The process taught should be simple and to the point:

Step 1. ***State the problem.*** Sometimes the real problem does not surface until all of the facts have been gathered and analyzed. Therefore, teams often begin with a "supposition" that may ultimately be confirmed or corrected.

Step 2. ***Gather facts, feelings, and opinions.*** This is the "who, what, when where, why, and how" of the process.

Step 3. ***Restate the problem.*** The facts may change the original supposition.

Step 4. ***Identify alternative solutions.*** Generate ideas. Do not eliminate any possible solutions until several have been discussed.

Step 5. ***Evaluate alternatives.*** Determine which alternative provides the optimum solution. Identify the potential risks. Analyze whether or not the costs are in keeping with the benefits. Finally, analyze whether or not the chosen solution is likely to create any new problems.

Step 6. ***Implement the decision.*** Determine who must be involved and to what extent. Identify the depth of the involvement (how), when it will occur, and where. Determine on whom the solution is likely to impact, what might go wrong, and how the results will be reported and verified.

Step 7. ***Evaluate the results.*** Test the solution against the desired results. Modify the solution if better results are needed.

Improved results can be obtained from a team involved in problem solving techniques where open communication is expected and team members are encouraged to challenge ideas. A successful solution from a team is far more effective than any single solution offered by one individual.

Gaining employee focus and commitment for the team effort is also vital. It is important to remember, however, that commitment cannot be forced or commanded: It must be earned. It develops through a feeling of self-involvement. People will only become committed to a team when they feel that they are allowed to contribute to the team's success. Once actively involved in goal setting and problem solving, a sense of ownership is developed. Employees feel more important; but more than that, they feel "needed" whenever they have a responsibility for the end result. When members help design the systems and the methods used by the team, they understand why controls are important and make a commitment to support them. This is especially true when they know it is possible to revise or improve controls whenever it is required.

Team collaboration has many benefits when it is used effectively. It helps to build an awareness of the team members' interdependence. When people recognize the benefits of helping one another, and realize what is expected, they will work together to achieve common goals. The effort is nonthreatening. As people begin working together to achieve the established goals, they begin to stimulate each other to higher levels of accomplishment. Fresh ideas are generated and tested, and the team's productivity exceed any combined efforts of employees working individually.

Collaboration builds and reinforces recognition and mutual support within a team. People have an opportunity to see the effect of their effort and the efforts of others on the end result. Individuals often gain confidence when they know others share their views and are acting in concert with them.

Putting a team together, developing the personal skills of its members, and training them how to work together effectively are only the first steps in team building. These must be sustained by continuous analysis of the results and through corresponding adjustments in member contributions and in the overall game plan.

Few people who achieve a position of leadership can claim sole responsibility for their accomplishment. Someone helped them. Someone who knew their goals and who was willing to devote some effort to the satisfaction of those goals, was active in their life. This action might have been subtle, natural, and so well organized or so clearly woven into the fabric of the relationships, that it is visible only in retrospect. These "mentors" who have the kind of positive impact on others in the team, recognize that a helping relationship is fundamental to the development of any strong organization. Their mentoring attitude may come in the form of reassurance or empathy; in listening and reflecting; or more directly by issuing challenges, delegating responsibilities, or providing opportunities for people to grow and develop by learning from their own success and their own mistakes.

Employers who are committed to effective team building see the mentoring function not as a luxury to be carried out when time permits, but as an absolute necessity. They realize it is the key to increase productivity as well as to the overall strength of the company because it provides opportunities for individuals to demonstrate their competence and improve their contribution to the team effort.

Handling Problem Employees. A problem employee is one who does not fully meet the established performance standards of his or her job. Problem employees come in varying degrees, from relatively simple to very difficult. Following is a description of some of the most common types of degrees of problem employees:

1) ***The New Employee.*** This employee starts out not knowing what is expected and takes a while to become competent. This employee needs training and guidance to function. With guidance and support, employers can minimize mistakes made by this employee, but without guidance, this small degree of problem employee may get bigger over time.

2) ***The Inconsistent Employee.*** This employee performs in streaks: good days, bad days; good weeks; bad weeks; good months; bad months. (S)he is capable and can perform most aspects of the job well, but does not do them on a consistent basis. This employee performs best just before his or her annual evaluation. Then, after a good review and a decent raise, begins to let his or her performance slip down again.

3) ***The Unbalanced Employee.*** This employee is generally strong in one aspect of the job - - most often technical skill or ingenuity - - but weak in other aspects like behavior. (S)he is often a talented worker, but because (s)he can't get along with others, lacks balance in job performance.

4) ***The Mediocre Employee.*** This employee performs the basics. (S)he handles routine tasks at a minimum level but cannot complete work that requires high quality and makes no effort to do more.

5) ***The Marginal Employee.*** (S)he falls below minimum expectations in the critical aspects of the job. This problem employee tends to slide by, wasting time. More often than not, other than when conduct is a problem, this employee is quiet and invisible; thriving best in a large department where it is easy to get lost in the crowd.

6) ***The Intolerable Employee.*** This employee does very little work right or on time. His/Her output is low; absenteeism is high; and behavior is disruptive.

Within each degree of problem employee, falls more specific identifications like "Sarcastic Sam, Sensitive Sally, Temperamental Terry, or Negative Ned." Problem employees come in all shapes and sizes; all levels and degrees AND every business has them. The key to resolving performance problems - - in taking the *problem* out of the employee - - is an ability identify the specific problem and deal with it quickly and effectively, in its early stages, while it is easiest to correct.

Below is a list of signs that problem employees commonly exhibit:

1) **Work output decreases.** This might occur slowly, over a matter of months, or rapidly, over a matter of weeks.

2) **Work quality declines.** Errors in work increase; work is incomplete and/or sloppy.

3) **Due dates are missed.** Assignments, tasks, or projects are completed late or not at all.

4) **Little or no initiative is shown.** The employee has to be pushed to get him or her to work.

5) **Complaints increase.** The employee complains about every decision made, task assigned; everything is wrong according to his or her standards.

6) **Tougher tasks and assignments are avoided.** The employee doesn't volunteer for additional work, complains about difficult tasks, and refuses to participate in teamwork.

7) **Interaction with other employees decreases.** Whenever possible the employee works alone, avoids contact with other employees, and declines group interaction.

8) **Ability to follow directions decreases.** Instructions have to be repeated time and time again. The employee invents reasons why things cannot be done.

9) **Defensiveness or irritability increases.** The ability to have a calm or rational conversation with the employee is difficult. Mood swings become more pronounced.

10) **Cooperation diminishes.** Getting along and working with other employees becomes difficult. Conflicts start to happen.

11) **Others are blamed for mistakes and failures.** The employee does not accept responsibility for his or her actions and is quick to find fault with others.

12) **Absences from his/her desk increase.** The employee is not around when needed and others do not know where to find him/her.

13) **Negative feedback from others increases.** Other employees or customers tell about difficulties and disappointment they have in trying to deal with this employee.

14) **Absenteeism and tardiness increase.** The employee calls in "sick" as often as possible; arrives late to work; and leaves early.

Whatever the source of the problem employee, one thing is certain: It must be dealt with. The problem, however, is often escalated because employers deal with it incorrectly. Some choose to deal with problems by "wishing them away." Still others use an avoidance method: *"It's really not so bad!"* The most common approach today is the "threat approach." None of these approaches work particularly well. A far more practical - - and successful - - approach is "corrective intervention."

The corrective intervention approach gives a vote of confidence to the employee. It assumes - - and rightfully so - - that most employees really do want to know when they are not performing up to their anticipated level. Here is an example of a good, working intervention model:

Step 1. Identify and define the performance problem. Focus on the performance in question.

Step 2. Outline the impact of the problem. Define the impact on factors like productivity, quality, service, and other important business aspects. Explain the effect of the problem on other employees that are impacted by it.

Step 3. Analyze the reasons for the problem. This analysis may feed back into what we covered earlier in this section "Reasons Employees Don't Do What They Are Supposed To Do." Is one of these reasons in effect? If so, how and why and what can be done about it?

Step 4. Define the expected performance standard. Performance problems sometimes exist because the performance standard is unclear. Quite often the problem is that the employer has failed to communicate what the performance standards are. Standards should be stated in clear and measurable terms. Employers should never assume that employees already know what is expected.

*Step 5. **Explore ideas for a solution.*** Employee involvement is important in this step. The truth is employees often come up with better ideas than employers when it comes to improving their own performance standards - - once they thoroughly understand that a problem exists and what the problem is.

Step 6. Write an improvement plan, with anticipated actions and target dates. The plan should spell out the following points:

1. The area that needs improvement.
2. The step-by-step action plan: What the employee has to do and by what date.
3. Consequences: Both positive (for achieving the goals) and negative (for failing)
4. Follow-up time: The date when the employee and employer will sit down and review the status of the plan.

The intervention model works if three key principles are followed:

*1) **Take corrective, NOT punitive action.*** The emphasis should be on improvement. Corrective efforts should focus on the actions the employer wants and expects from the employee. Punishment will not tell the employee how to improve his or her performance.

*2) **Counsel and coach before using discipline.*** The employer should bring performance concerns to the attention of the employee in a timely manner. It is equally important that (s)he coach and counsel the employee to improve the performance problem BEFORE any disciplinary action is considered. Disciplinary action should be reserved for situations when improvement, \within a reasonable amount of time, does not occur. It should come as a logical consequence which is spelled out in advance. Arbitrary actions leave the employer open for suit and destroy credibility with the remaining employees.

*3) **Be firm, be fair, and do care.*** Performance problems should be addressed directly, in the early stage. (Firm) Consequences should be carried out as spelled out. There should be both positive and negative consequences. (Fair) Most importantly, the employee should be treated as a human being. (Care)

In applying the principles of the intervention model, termination comes only after all other efforts have failed. Termination must be for just cause. The reason for dismissal must be clear to all involved. We will cover this more under *Evaluating Employees.*

Unfortunately, many businesses will also encounter problem employees with more deep-seeded issues that may not be solved with summary solutions. Again, we cannot possibly address all of the different types of issues that might fall into this category in this handbook. We have chosen a cross-section of these problems and tried to outline ways of dealing with them.

Stress. There are different levels of stress. Some levels are minor and only require simple remedies such as taking a break or changing pace. Other stress issues are more serious and require longer-term remedies like exercise or relaxation techniques.

Burnout. Like any energy source known, people experience burnout. Unlike light bulbs, however, they don't shine brightly one minute and then suddenly go out. Burnout in human beings happens subtly, almost imperceptibly. Although some burnouts are severe enough to be noticed immediately; resulting in heart attacks, ulcers, or mental breakdowns, most happen slowly over a period of time. These burnouts manifest themselves in a lack of enthusiasm, energy, or motivation. Employees call in sick more often or showing a dread at coming to work at all, and an eagerness to leave when the day is done. Although burnout is most often caused by stress, other things can trigger it as well: Promises that were never kept; too much or unrewarded work; excessive, long hours; and lack of time off are prime causes of burnout.

Substance Abuse. One in every ten workers has either an alcohol or substance abuse problem. This is not a situation that can be ignored. The U.S. Department of Health and Human Services suggests the following approach in its pamphlet *"Supervisor's Guide on Alcohol Abuse."* The same steps easily apply to drug abuse.

1) **Don't apologize for discussing the matter.** Job performance is involved.

2) **Encourage employees to explain why work performance, behavior, or attendance is deteriorating.** This provides an opportunity to discuss the use of alcohol or drugs.

3) **Don't discuss a person's right to use controlled substances or make it moral issue.** Substance abuse is a disease that, left untreated, can lead to more serious illnesses.

4) **Don't suggest the employee use moderation or change habits. According to AA,** alcoholics can't change their drinking habit without help. This is equally true of those who abuse drugs. They must make the decision to stop drinking and take steps to get help.

5) **Don't be distracted by excuses.** The problem is the substance abuse itself and how it affects work, behavior, and attendance on the job.

6) **Remember that substance abusers, like any other sick people, should be given an opportunity for treatment and rehabilitation.**

7) **Emphasize that the primary concern is work performance.** Point out that, if the employee's behavior doesn't improve, disciplinary steps will be taken.

8) **Recognize that the decision to seek assistance is the employee's responsibility.**

Employee Assistance Programs (EAPs) are often instituted to help employees deal with personal problems that interfere with job productivity. These programs offer company-sponsored counseling services provided by outside experts that are retained on an as-needed basis. Generally, such programs are instituted for more serious human relations problems like alcohol or drug abuse. However, more and more companies are recognizing the validity of having such programs available for less serious problems as well; such as stress management or burnout. This preventative approach often helps to derail more serious problems. Additionally, since the number of insurance companies that recognize the value of EAP programs is growing every year, it is becoming a more cost effective employee benefit.

Handling Conflict. We are defining conflict as a situation that arises which causes an employee to respond in an "upset" manner. This is different from the earlier information provided on handling "difficult" employees who have a psychological need to get attention by disruptive and negative means.

Even the most reasonable employee, when upset, has periods of unreasonableness. It is the reason behind the behavior - - what made them upset - - that must be explored. Sometimes they are upset for good reasons; sometimes they are not. Either way, in working to resolve the situation it is imperative to know what caused the employee to become upset. Below are some of the most common reasons that individuals become upset. Many of them are avoidable. Employers might begin by exploring how to solve these kind of existing situations.

Annoyances that employers have some responsibility for causing include the following. Employee:

1) ***Was made promises that weren't kept.*** If an employer promises an employee something and then goes back on his/her word, the employee has a right to be upset. In this situation, have alternative solutions in mind to remedy the situation as quickly as possible.

2) ***Is overly tired, stressed, frustrated, or burned out.*** Sometimes employers expect employees to work 12 hours a day, 7 days a week without getting tired. That simply isn't reasonable. Under such situations, any employee may become upset.

3) ***Was treated indifferently, rudely, discouteously, or condescendingly.*** Sometimes we are not aware that our actions appear indifferent, rude, or condescending. Employers must be aware of how they come across to employees.

4) ***Is used to no one listening unless (s)he makes a fuss.*** If an employee has to make a fuss to be heard, then this will become their normal method of operation. They will believe it is their only opportunity. Employers should never give into employee strong-arm tactics. Instead, they should encourage calm, rational interchange.

5) ***Was prjudically treated because of her/his hair, clothes, makeup, etc..*** Except for unusual situations where employees take advantage (e.g., mohawk haircuts, short shorts, clown-like makeup) prejudicial judgments should be discouraged in the workplace. Individuality is important and should be encouraged.

6) ***Feels her/his integrity or honesty in under question.*** Even when employees are suspected of dishonesty, they should be treated with respect and dignity.

Other situations may occur that employers have little or no responsibility for causing. However, these situations may still stimulate conflict that must be dealt with. These include situations such as the employee:

1) ***Had expectations that were not met.*** This may or may not be exacerbated by the employer. The employee may just misinterpret the situation. Either way, the individual may be frustrated. Employers should do what they can to help employees work through misunderstandings.

2) ***Feels like a victim; having no power or control over his/her life.***Employers have little control over this problem. It usually stems from more deep rooted problems in the employees life. However, in situations that apply to the work environment, the employer might lend his/her support in helping the employee work through the situation.

3) ***Was told one thing by one staff member and something different by another.*** This may or may not be something that the employer can do something about. It could simply be a misunder-standing. On the other hand, it might send up a red flare. When different employees give different answers to the same question, it is important to find out why.

4) ***Acted upon something told by a staff member that was not correct.*** This may or may not be something that the employer can correct. What should not occur is a situation that leads to "he said," "she said." If, however, it can be proven that an employee deliberately misled another, then action should be taken to clear up the situation.

*5) **Is embarrassed at having done something incorrectly..*** Every employee should have permission to make mistakes. All human beings will! Employers should never publicly humiliate employees for making an error. In fact, they should privately inform them of the mistake while also reinforcing the employees good work.

*6) **Had "words" with someone.*** This comes from personal rather than professional conflict. While it has no place in the workplace, it will occasionally occur. Employers should stress the expected behaviors of employees in such situations.

There may be occasions when an enraged employee threatens an employer, or becomes violent. Employers need to watch for potential violent behavior by reading employee's nonverbal communication - - clenched fists, tight lips, agitated tone of voice, tense body posture, flared nostrils, red face, and wide-open eyes. Employers should not try to deal with employees in this situation; particularly since it may be difficult to gage whether or not alcohol or drugs are involved. In this situation, employers should excuse themselves with a pretense and immediately call security or the police. It is better to risk feeling stupid than to end up in the hospital.

Use the following steps whenever dealing with an individual who is upset:

1) Listen with patience and empathy;
2) Face the employee;
3) Look him/her in the eye;
4) Make certain body posture, voice tone, and facial expression express concern;
5) Avoid words that might start a fight;
6) Make sure tone of voice is not condescending or impatient;
7) Don't take things personally.

Handling conflict, whether it is the form of a "problem" employee or an "upset" employee is not easy. Most human beings hate conflict, of any sort. They will try all sorts of means to avoid it. Avoidance, rather than actually helping the situation, may actually serve as a means to escalate it further. It is one of four commonly used - - but ineffective - - tendencies:

1) Avoiding,
2) Overreacting,
3) Complaining, and
4) Lecturing.

Avoiding simply puts the matter off. It does not deal with the root of the problem. Instead:

- **The problem may get worse.** Employees will assume the behavior is acceptable. Some will even view it as an invitation to escalate the behavior.

- **Credibility drops and respect is lost.** When employers avoid dealing with the bad behavior, the respect and credibility is often lost among good employees.

- **It makes "firing" that much harder.** Problem employees are eventually terminated. The termination process becomes easier if those employees have received prior warning.

- **Self-respect may be lost.** Chronic avoiders even get disgusted with themselves.

Overreacting is the unnecessarily harsh or emotional manner in which some employers dump their frustration on employees. It most often involves verbal abuse. Because frustration and anger are primary emotional responses, it is unrealistic to expect people to completely stop overreacting especially when it is a well-established habit. There are, however, some compelling reasons to keep it down to a minimum:

*1) **It can have bad physiological effects.*** Anger triggers certain responses in the body. The pulse increases, blood pressure goes up, adrenaline pumps, pupils dilate, etc. The body mobilizes for a fight. Research indicates that if this process happens too much, it courts a myriad of physical ailments like ulcers, high blood pressure, and headache.

*2) **It doesn't work.*** Overreacting has no lasting effect on employee behavior. They may respond in the short term to acts of temperament, but given a day or two, the behavior will return to normal.

*3) **Employees lose respect*** for employers who overreact. They will start withholding information, become passive-aggressive, or lose their initiative.

*4) **It is destructive.*** Every company has individuals who are sensitive or vulnerable. These individuals will "take to heart" every hurtful, mean, nasty comment made, even those of overreacting employers who may not mean everything they spew out in anger. This can cause permanent psychological, emotional, and mental damage to those individuals; sometimes battering their self-image beyond repair.

Complaining, as we use it here, refers to the act of unloading frustration about the problem generated by one employee on another employee (who generally has nothing to do with the situation). Like its predecessors, however, complaining is also ineffective because the employer is:

*1) **Talking to the wrong person.*** They should be talking to the employee with the problem; not anyone or everyone else.

*2) **Risking loss of respect.*** Just like with other ineffective tendencies, employees will lose respect for employers who do nothing more than complain about a problem.

*3) **Wasting time.*** Complaining doesn't change a thing. It doesn't move the employer even one step closer to solving the problem.

Lecturing refers to telling of employees, often in a condescending and patronizing tone, what they already know or are not ready to hear. There are a lot of reasons why lecturing is bad but, essentially, they all boil down to "it's a big turn off." All of us have been lectured to all our lives. It started with our parents. It was perpetuated by our teachers and professors. Our coaches and religious leaders piled it on even thicker. By the time we enter the workplace, we are sick of it. We don't want to be talked at; we want to be talked and listened to.

Employees need to believe that their thoughts, opinions, and feelings are as important as their employers. For this reason, it is important that employers learn to curb the use of ineffective tendencies. We will explore more positive techniques as we deal with criticism and employee performance reviews.

Employee Performance Reviews. Performance evaluations are intended to record an employee's work performance over a specific period of time. Such evaluations should be conducted at regular intervals for all employees. However, from time to time, additional performance evaluations may also come about due to an identified employee performance problem which occurs in between regularly scheduled review intervals. Either way, any report used as a part of a performance review should offer a fair evaluation of the employee's performance in terms of the what it takes to carry out the duties of the job. It cannot, by law, reflect any bias toward racial, ethnic, religious, or gender preferences or discriminatory practices.

Before any performance review takes place, it is important that employers - - or whoever is tasked with performing the review - - properly prepare for the meeting. This requires them to take some time requires them to take some time thinking about the employee's past and present work performance and then translating that analysis to the standards established by the performance evaluation form. *Note: A sample evaluation form is included on page 70.*

In the event that a performance problem has been identified, it is important to gage the impact of the performance problem in terms of:

- Productivity and efficiency;
- Quality;
- Service; and/or
- Any other important business impact.

The next step is to figure out the reason for the performance problem. In all most every instance, performance problems lie within one of those reason previously identified as *Why Employees Don't Do What They Are Supposed To Do (pages 47 and 48).* Depending upon the reason identified as the root of the problem, the employer's impact on it may be greater than the employer would like to admit. The point is not to place *blame* for the problem (either on the employer or the employee). The issue is what the employer's influence has been versus what it may need to be. It is possible - - and probable - - that the method or mode of the employer's influence may need to change.

Next, the employer must define the expected performance standard. The original set standard must tell the employee what level of performance is expected in clear and measurable terms. The employer must succinctly identify how the employee's current performance level differs from that standard. In the event that the standard has changed, the employer must be prepared to explain the reason behind the change so that employee thoroughly understands and accepts it.

The employer should always explore solutions to the problem. The point is not to nail down a specific solution, but to provide a list of possible alternatives to the employee and then get the employee's input and cooperation in determining the solution that is chosen.

The final step is to draft a plan for performance improvement. The plan should spell out the following points:

1) The goal or area that needs improvement;
2) The step-by-step action to be taken;
3) Consequences for failure to improve; and
4) Follow-up measurements that will be taken.

The intent of the draft plan is not to set everything in concrete, but to offer a blueprint for negotiation of the required change.

At this point, employers may want to use their analysis to complete the performance evaluation form. This will depend, somewhat, on the purpose of the evaluation; whether it is to deal with an immediate crisis or for routine performance review.

Once the employer has carefully analyzed the performance problem and completed the performance evaluation form (if applicable), it is time to set a meeting with the employee. This is the most crucial part of the review process. If handled correctly, the review can lead to a better understanding between employee and employer. If handled poorly, the total value of the review is diminished considerably.

Certain common mistakes should be avoided in setting up the performance interview. Employers should not:

1) ***Ask their secretaries to set up the meeting.*** This establishes a negative tone from the outset. First of all, employees will feel confused and resentful for not being shown the respect of having direct contact with the employer. Second, secretaries may feel resentful for being put in a potentially uncomfortable situation. Third, when an employer relinquishes control over the process, (s)he loses some credibility.

2) ***Send a memorandum.*** Memos arouse anxiety because they sound so ominous and they cause resentment because they are so formal and impersonal.

3) ***Combine the "asking" time with the "meeting' time..*** This takes employees by surprise, derails them from whatever they were working on at the time, and leads to feelings of resentment.

4) ***Say too much or too little.*** When too much is said, the employee may get dragged into responding to questions and comments about the interview . When enough is not said, the message is ambiguous and ambiguity often leads to anxiety. Discussions regarding work performance are anxiety-producing enough. It doesn't need any more assistance.

5) ***Make light of the meeting.*** The employee may misinterpret the remarks and think the meeting is not important.

6) ***Set up the meeting while angry or upset.*** As tempting as it is to read the riot act to someone right after a mistake is made, it isn't the best time to actually do it. The employee will feel resentful or intimidated or both and the employer will have to undo a lot of unnecessary damage before the actual issue of performance can be effectively addressed.

Certain important points should also be kept in mind:

1) **Approach the employee privately.** Performance reviews should always be done in private.

2) **Explain the purpose of the meeting.** Briefly, but calmly, explain that the purpose of the meeting is a performance review. Tell the employee what preparation will be done for the meeting and suggest how the employee might want to prepare.

3) **Arrange a time and place to meet.** The employer's office is not always the best location, especially if it is anticipated that the employee will not take the situation well. Consider a private conference room or other secluded location that allows either party to excuse himself/herself if the need arises.

4) **End on a positive note.** Smile, shake hands, and say something like "I'll look forward to seeing you."

Getting the meeting off to a good start is not complicated if these basic points are followed:

1) **Minimize distractions and potential interruptions.** Have calls held; let others know not to disturb the meeting; shut the door (if possible); and clear the desk.

2) **Make the person feel comfortable and welcome.** Smile and set the employee at ease. Engage in small talk of interest to the employee (e.g., about his/her family, hobby, or other interest). Sit face-to-face, not across a desk or table.

3) **Structure the meeting for the employee.** Outline the purpose of the meeting and describe briefly what is going to happen.

The performance analysis developed, or the performance evaluation form completed, serves as the basic guide for the performance interview. Employers should begin by stating the positives by letting the employee know what is being done well. Then, as the actual review begins, employers should make every attempt to establish as much agreement along the way as possible. This will give the employee a sense that the two are working together as a team. It is also important that the employer be ready to shift from a presenting mode to a listening mode whenever necessary to keep the employee's receptivity going. Finally, the employer should get the employee's reactions to the analysis, as well as to the drafted performance plan. This helps to make certain that the employee has understood what was said. It also gives the employee an opportunity to provide his/her input into the process, in general, and specifically into the plan. Negotiation at this point is critical. There must be something built into the plan for both parties.

Step 1: What the employee would like to work on. This puts the ball into the employee's court; offering them an option and a way to save face.

Step 2: Suggestions about what the employer would like the employee to work on. Once the employee has had his/her say, the employer should have theirs. If the two sides agree, all the better. If they don't, the employee is far more likely to be receptive to the employer's point.

Step 3: Strike a bargain. This is where negotiation begins to come into play. The employee has had his/her say; as has the employer. Now, somehow, the two points need to come together to form a common plan that both sides can live with.

Step 4: What the employer should work on. Two way communication is imperative. Employers often have much to do with employee performance problems. This is an opportunity for the employee to let the employer know how you can do a better job in helping him/her.

Step 5: Suggestions about what the employer can do to help the employee. Employers who have done the performance analysis correctly have already identified ways that they can do a better job for their employees. It is important that they share that information with the employee. This will generate a deeper employee/employer respect.

Step 6. Strike another bargain. Just like the bargain struck to improve the employee's performance, another should be struck on how the employer can better help the employee.

Once a performance agreement has been hammered out and both employer and employee know what is expected of them, it is time to bring the interview to a close. Like the beginning of the interview, the closing should end on a positive note. Follow-up procedures and/or meetings should be confirmed and employers should let employees know they appreciated the time together.

Whether it is done formally or informally, follow-up is imperative. Since both the employer and the employee have gone to a lot of trouble to deal with the performance issue, now is not the time to let the ball drop. In most instances a combination of both short-term and long-term follow-up is applicable. Short-term follow-up is generally that which is agreed upon during the performance review. It may involve another review meeting within a specific set period of time. Long-term follow-up, on the other hand, may simply be the annual (or other) performance review as established for all company employees.

Whatever the follow-up arrangement, employees that successfully meet or exceed all of the agreed upon changes of a performance review should be rewarded. Rewards can be as simple as heartfelt praise for doing a better job **BUT a reward is important** for both the employee and the employer. For the employee, it will provided much needed positive reinforcement. For the employer it will make for a much easier time when the next performance review is required.

When the employee is unsuccessful in meeting the agreed upon performance changes, disciplinary actions may be required.

Disciplining Employees. Discipline is sometimes required as part of the effort to correct employee performance problems. Disciplinary action is defined as a formal action of consequences, documented for the record and carried out, to halt a performance problem from continuing and to point it in a direction of improvement.

Formal disciplinary action is most effective - - and provides the most protection for a company - - when it is delivered in a logical sequence. The consequences for an employee's failure to improve needs to be spelled out in advance. Even in cases of a severe nature, disciplinary action should not come as a surprise. Since the 1980's the most common employment lawsuit against employers has been wrongful termination. Employees win these cases far more often than not, generally due to mistakes the employers made in handling performance problem situations. These situations almost always dealt with an employers':

1) Lack of documentation of the actual problem;

2) Inability to tell the employee what to do to improve; or

3) Arbitrary actions that were viewed as unfair (i.e., without logical consequence; promises that were not kept, or punishment for exercising employment rights)

Therefore, it is recommended that employers carrying out formal disciplinary action follow the steps of a progressive, disciplinary plan - - which spell out the consequences for poor performance. Such plans, used effectively, can minimize potential lawsuits.

Every step of disciplinary action should be followed-up in writing; even informal verbal warnings. Standard techniques go like this:

1) **Verbal warning.** Employer notes the warning on his/her calendar or writes out an accountingof it up and puts it in the employee's personnel file.

2) **Disciplinary warning.** Employer details all key points, in writing; meets with the employee and goes over the warning and all of its potential consequences; both parties sign off on the document. *Note: A sample discipline worksheet is included in the handbook.*

3) **Final warning.** Employer again meets with employee, reemphasizing the implications of the employee's unwillingness to correct the performance problem, sets a deadline for improvement to occur; and requires employee to sign off on the written document.

4) **(OPTIONAL) Suspension.** Employer suspends employee for a specified period of time without pay. Employee agrees, in writing, to meet all performance standards upon return to work or to submit letter of resignation.

5) **Termination.** Employee is terminated according to the steps formally outlined by the progressive disciplinary plan.

In the event that all of these steps prove fruitless, termination may be the only resort.

Termination. Employees who have experienced the steps of progressive discipline as outlined in the previous section of this handbook should not be surprised when they get fired. Presumably, at every step along the way, they were informed what the next step would be.

Companies that use additional "probation" and/or "suspension" steps go the extra mile in every attempt to salvage an employee's job. During suspension - - the next-to-the-last stage in the disciplinary process - - employers must make it perfectly clear that, if the employee does not improve in the designated performance, the final step is unavoidable. That step is termination.

Because the issue of firing employees is so sensitive, employers must make certain they do it with as much diplomacy as possible. Termination works best when it comes as the last step of good faith efforts to try and improve performance issues or as a consequence for employee actions of a severe nature. However, as we noted before, occasion situations will arise that are so severe in nature that they warrant immediate termination.

The Employee Manual is an extremely valuable document with regard to termination issues. It should spell out, in no uncertain terms, not only the expected job performance, work attitudes and behaviors, attendance requirements, etc. required of employees BUT also those things - - in terms of attitudes, behaviors, or performance- - that are unacceptable. In particular, the manual should spell out what kinds of issues are severe enough to warrant immediate termination (e.g., drug or alcohol abuse on-the-job, theft, insubordination, etc.) The bottom line is to make certain that employees thoroughly understand everything that is expected of them as well as everything that will not be tolerated.

Termination is never a good thing. With this in mind, employers need to be extremely sensitive in handling termination situations. Employers should never terminate:

*1) **If they have made the decision alone.*** Human resource specialists and/or attorneys should be contacted prior to taking this final action.

*2) **Unless all documentation is in order.*** Hasty actions taken to get rid of someone WILL come back to haunt you in one way or another.

*3) **While in a state of anger or distress.*** When the times comes to terminate someone, it is important that employers be totally in control.

Avoiding the above "nevers" of termination help to minimize an employer's potential legal liabilities and avoid unnecessary (and often times unwarranted) charges of discrimination.

Just like with performance evaluations, preparation for a termination meeting is essential. The following suggestions are offered to help employers prepare:

*1) **Review all of the documentation.*** Employers must be fully aware of all the reasons for the termination.

*2) **Review the employee's personality.*** If a potential blowup is in the making, it is best to know about it in advance.

*3) **Review firing problems of the past.*** All employers have problems with firing. By reviewing what went wrong and what worked, they stand a better chance the next time.

*4) **Check the company's policies and procedures manual.*** A reminder of the stated policies and procedures is always a good idea. In the event that the company doesn't have such a manual, contact a human resource specialist or attorney for advice.

5) ***Relax.*** Employers who are tense are far more likely to escalate a tense situation.

6) ***Find a private place for the meeting.*** This procedure should be done as privately as possible. Find a place where the door can be shut and others are not likely to over hear.

7) ***Keep cool.*** Employees who are about to be fired will pull out all of the stops; begging for another chance, threatening law suit, etc. Employers must remain cool.

8) ***Invite another person to witness the termination.*** A person being fired may say or do inappropriate things or the employee may antagonize the employer into doing or saying something inappropriate. Either way, a witness may be needed.

Finally, in handling the actual termination conference, the employer should:

1) **Note termination is the final step or consequence.** Show this in documented form.

2) **Give reasons why the action is taken.** Show this in documented form, as well.

3) **Give the employee a chance to talk.** Employers must be willing to listen. In most cases the situation is not easy for the employee. Allowing him/her open communication relieves emotions and keeps the meeting on a more human level.

4) **Focus reasons for termination on performance.** Never attack the person.

5) **Stay in control.** Conduct the meeting at a time of day that will be least disruptive to the work environment.

In most organizations, when the terminating meeting is finished, the employee is expected to outprocess and handle administrative details for completing the separation procedure.

Even though it seems that having employees is far more trouble than it is worth, they are a part of doing business. The key to making sure that a good employee/employer relationship exists is really quite simple:

1) ***Plan.*** Any good business or strategic plan should contain goals and objectives for human resources. Planning should include how many people will be needed, what kind of personnel will be needed, what wages/salaries and benefits will be offered, etc.

2) ***Hire the right people.*** When in doubt, hire "attitude." Technical skills, for the most part, can be taught. Attitude, on the other hand, is hard to change once it is firmly ingrained.

3) ***Make certain that every employee understands his/her role in, and importance to, the business.*** This includes a clear-cut job description and established policies and procedures.

4) ***Provide TLC (Training, Leading, Coaching) to all employees..*** Employees cannot and will not perform skills or exhibit behaviors and attitudes in which they have not been trained. Nor will they perform the way the employer expects if (s)he does not "lead by example." Finally, it is the employer's job to serve as coach; to recognize the talents of his/her team players and to put the right people in the right place at the right time. It is also his/her responsibility to provide positive reinforcement for appropriate behavior.

5) ***Motivate and reward.*** Everyone needs be be both "satisfied" and "motivated." It is part of an employer's job to recognize the motivational tools that turn his/her employees on. The result can be an unstoppable team effort.

6) ***Evaluate.*** Employees cannot improve if they do not know what they are doing wrong. Nor are they likely to continue positive traits if they do not know those traits are appreciated.

7) ***Discipline before termination.*** Employees are human beings. They will make mistakes. If those mistakes can be corrected, they should be given the opportunity to do so. Effective discipline often times makes for an outstanding employee. Termination should always be a last resort.

In short, employers need to think Win:Win in dealing with their employees: Not only in terms of winning for the business or winning for the customer, but also winning for the employee. If everyone wins, everyone is happy. Happy employees and happy customers can make for a very happy - - and successful - - business.

On the following pages are some additional forms and information that may be helpful in handling employees.

INTERVIEW QUESTIONS

Topic	You MAY Ask	You MAY NOT Ask
Name	The applicant's name and if he or she was formerly employed under any other name.	If a woman is "Miss," "Mrs.," or "Ms." An applicant's maiden name. If the applicant's name has a national or religious origin. The spouse's name.
Family Status	NONE	Whether or not the applicant is single, married, divorced, or widowed; has any children, is pregnant, or plans to have children. The age of children or child care arrangements.
Address Phone Number	For a current and previous address and length of residence. For a phone number or how applicant can be reached.	Whether the applicant owns or rents the home or who resides with him or her.
Race	NONE	Any questions relating to race or color.
Sex	NONE	If the applicant is male or female; gay or heterosexual.
Age	NONE	The applicant's age, date of birth, graduation date(s), or any question designed to calculate age.
Religion	NONE *(Note: You may inquire whether or not the applicant is available for weekend work.)*	The applicant's religious preference or beliefs; what church or parish they attend; the names of their clergy; their religious holidays; or their place of birth.
Citizenship or Nationality	If the applicant's U.S. residence is legal. *(Note: After an offer to hire has been made, you can ask for proof of U.S. citizenship or INS authorization to work in the U.S.)*	If applicant is a U.S. citizen. Whether or not the applicant, his or her spouse or parents are native born or naturalized. For copies of naturalization or application papers. Anything do with national origin, including birthplace of applicant, spouse, parents, or grandparents or date of citizenship.
Arrests or Crime Conviction	*If the applicant has ever been **convicted of a felony.***	*If the applicant has ever been **arrested.***
Disability	If the applicant is able to perform the essential functions of the job.	If the applicant is disabled. *(Upon noting a disability)* How disabled the applicant is; or any question about disability, other than those pertaining to ability to do the job.
Education	Names of schools attended and level of education. If the applicant has foreign language skills *(if relevant to the job).*	For non job-related educational requirements or the racial, national, or religious affiliation of schools attended. How foreign language skills were attained.
Health	If the applicant is able to perform the essential functions of the job.	Whether or not the applicant has any health conditions. *(Note: You may not set a minimum or maximum weight, height, or arbitrary set of physical requirements.)*
Height/Weight	NONE	Any questions with regard to non job-related inquiries.
Physical Data	The applicant to prove the ability to do certain job-related physical functions.	Any questions regarding disability. The applicant to prove an ability to do a non-job-related physical function.
Military Service	If the applicant served in the military; the skills learned; and the rank attained.	The type of discharge received , or about any service in foreign military branches. For copies of service records.
Work Schedule	The applicant's willingness to work schedules. If the applicant has military duties.	The applicant's willingness to work religious holidays.
Organizational Affiliations	About current organizational membership and offices held.	About any organizational affiliation that would reveal the applicant's religion, race, color, or national origin.
References	The applicant for general and work related references.	For specific references that would reflect the applicant's color, race, religion, sex, national origin, or ancestry.
Photos	NONE (Note: Once hired, you may ask for a picture as long as you pay for it.)	Ask that a picture be submitted or take pictures of appli cants during interview.
Other	Any job-related question.	Any non-job-related question.

Applicant Rating Form

Applicant's name: ______________________ **Date available:** __________

Position applied for: ______________________ **Department:** __________

Interviewer(s): ______________________

Salary range: ______________________ **Requested salary:** ______________________

CATEGORY	RATING					
	POOR (0)	BELOW AVERAGE (1)	AVERAGE (2)	ABOVE AVERAGE (3)	GOOD (4)	EXCELLENT (5)
WORK EXPERIENCE:						
Overall						
Relevant to position						
Accomplishments						
Leadership ability						
Other						
EDUCATION/TRAINING:						
Relevant academics						
Relevant technical training						
Other						
CHARACTERISTICS:						
Initiative						
Stability						
Personality						
Other						
INTERVIEW PREPARATION:						
Knowledge of company						
Relevance of questions						

Strengths and Weaknesses:

Strengths: ______________________

Weaknesses: ______________________

Interests: ______________________

Personal Qualities ______________________

Other Comments ______________________

GENERAL PERSONNEL INFORMATION

FORM REQUIREMENTS

Employer Identification Number

If you are required to report employment taxes, you will need an Employer Identification Number (EIN). You must use it on all of the items sent to the IRS or the SSA. *Note: If you took over an existing business, do not use that employer's number; apply for your own. If you do not receive the number before the return is due, write "Applied For" and the date you applied in the space shown for the number.*

Additionally many banks will not allow you to open a business account without this number. It can be obtained by completing a form SS-4 and contacting:

Internal Revenue Service Center
Austin, Texas
1-800-829-3676

Employment Eligibility Verification

Immigration laws require that a ***I-9 Form*** be on file for every employee on the payroll. This form verifies employees' legal right to work in the U.S. It can be obtained by contacting:

Immigration and Naturalization Service Office
4149 Highline Blvd., Suite 300
Oklahoma City, Oklahoma 73108
(405) 231-4121

First offenses for failure to have this form on file may bring fines of between $250 to $2,000. Chronic offenders of the law will likely face criminal penalties, including up to six months in prison.

Workers Compensation

A business is required to obtain workers compensation for its employees. Employers failing to obtain such insurance will be subject to legal sanctions. Rates will vary as to the type of work, based upon potential for injury. For example, the rate on an employee who is a construction worker is higher than the rate for an office worker. For more information on workers compensation, contact:

The State Insurance Fund
410 N. Walnut
Oklahoma City, Oklahoma 73152
(405) 232-7663

Note: Form 1A - Oklahoma Workers' Compensation Notice and Instructions to Employers and Employees must be posted and maintained by employers in one or more conspicuous places. Contact the OSBDC office, 242-7989 for information on obtaining this poster.

Federal Wages

Wages subject to federal taxes include all pay, cash, or other forms, given an employee for services. This includes salaries, vacation, bonuses, and commissions. It does not matter whether the pay is based on the hour, day, week, month, or year, or on a piecework or percentage plan.

Withholding and other data is noted on the following reports:

W-4 - Withholding Certificate - retained for employer's records
W-9 - Taxpayer Identification Certificate - for use with independent contractors
W-2 - End-of-the-Year Withholding Summary - sent to SSA at the end of the year

Form 940 - Federal Unemployment Tax (FUTA) - filed quarterly (over $100); annually (under $100)
Form 941 - FICA - filed quarterly
Form 1099 - End-of-the-Year Summary - for payments of over $600 to independent contractors

Use the deposit form that has the proper pre-inscribed identifying information for the tax indicated. If you use the wrong deposit form, your payment will be credited to the wrong account and you may be billed for taxes you have already paid.

If you need additional forms, you can order them from the Internal Revenue Service Center where you file your return. Do this by using as an order blank on of the pre-inscribed forms you have. In the box labeled "Tax Period Ending", enter the date your tax period ends and, in the space labeled "Bank Name/Date Stamp" write the number of additional forms you need.

For more information, contact:

U.S. Department of Labor
4001 N. Lincoln Blvd.
Oklahoma City, Oklahoma 73105-5212
(405) 521-3756

Office of Handicapped Concerns
4300 N. Lincoln Blvd.
Oklahoma City, Oklahoma 73105
(405) 521-3756

State Wage Laws

All Oklahoma employers that meet any of the basic coverage provisions below are liable under the Oklahoma Employment Security Act:

- o having had one or more employees for 20 different weeks during the calendar year
- o having paid $1,500.00 in wages during a calendar quarter during a calendar year
- o having liability under the Federal Unemployment Tax Act
- o agricultural employer having 10 or more employees for 20 different calendar weeks during a calendar year, or has paid $20,000.00 in wages during a calendar year
- o domestic employer (household, fraternities and sororities) having paid $1,000.00 in wages during a calendar quarter within a calendar year

All new employers will pay a statutory rate of three and one-tenth (3.1%) until they become eligible for an experience rating contribution rate after two calendar years of coverage. The taxable amount will be determined each year and will be based on fifty percent of the average yearly wage.

Upon receipt of the completed OES-1, an account will be established for the employing unit, a registration number assigned and reporting forms forwarded as they become due.

For more information, contact:

Oklahoma Department of Labor
4001 N. Lincoln Blvd.
Oklahoma City, Oklahoma 73105-5212
(405) 528-1500

Oklahoma Tax Commission
2501 Lincoln Blvd.
Oklahoma City, Oklahoma 73194-0015
(405) 521-3108

Oklahoma Employment Security Commission
200 Will Rogers Building
Oklahoma City, Oklahoma 73105
(405) 557-7136

PERFORMANCE EVALUATION

Last review date: ___________

This review date: ___________

Name: ____ Title: ___________________________

Supervisor: ____________________________________ Date Hired: _______________________

(Rated on a scale of 1 to 5 as follows: 5-exceeds job requirements, 4-meets and sometimes exceeds job requirements, 3-just meets job requirements, 2-inconsistent in meeting job requirements, and 1-does not meet job requirements.)

Skill or Task	**5**	**4**	**3**	**2**	**1**
Work Volume; speed and consistency of output					
Quality of Work; carrying out assignments					
Job Cooperation; interest and enthusiasm shown					
Ability to Work With Others; interaction with other employees					
Adaptability; ability to perform variety of assignments					
Job Knowledge; understanding of job requirements					
Initiative; self-starting capabilities					
Overall Performance					

Comments regarding any of the above: ____

____

____

Attendance: ___ problem ___ no problem Comments: _______________________________

____

What are the employee's strengths? ____

____

What are the employee's weaknesses? ____

____

What training or education would benefit the employee? __________________________

____

Other comments: ____

____

Recommendations? ____

Employer's Signature_____________________________ Employee's Signature _____________________________

BENEFITS PACKAGES

One of the most difficult decisions employers face is deciding what, if any, employee benefits to offer. To many employees, a benefits package is as important as the wage or salary. For this reason, benefits become a key issue to those employers who want to hold on to their good employees. In this section we have included information relating to the most common employee benefits.

VACATION LEAVE is probably the most important piece of a benefit package in that it benefits employees and employers. Employees who take time off to relax return to the workplace with renewed strength and enthusiasm which generally translates into increased production.

The amount of allocated vacation time varies from employer to employer. Currently a standard vacation is two (2) weeks, granted after one year of employment. However, many companies use a vacation scale geared toward rewarding their long-term employees. The average scale looks like this:

Two (2) weeks for workers employed from one to four years;
Three (3) weeks for workers employed from five to nine years; and
Four (4) weeks for workers employed over ten years.

Other companies allow more liberal use of vacation time, giving employees options like taking one day per month or one week after six months of employment. Some companies allow employees to use vacation time for long-term (one week or more) illness in place of, or in addition to, sick leave. However, these companies generally set a limit on the amount of time that can be used this way to prevent employees from "going into the hole" with either sick or vacation time.

Ultimately, decisions regarding whether or not to grant vacation leave lies with individual employers. The Fair Labor Standard's Act (FLSA) does not require granting of vacation leave.

SICK LEAVE is another appreciated employee benefit. Most employees cannot afford to take time off from work because of sickness. Consequently, they continue to work while they are sick and risk spreading their illness to other employees.

Like vacation time, the amount of sick leave granted varies from employer to employer. The current average falls around eight hours per month or 96 hours per year. Some companies allow a portion or all unused sick leave to be carried over from one year to the next, often setting a cap of 144 hours in any given year. Other companies don't allow sick leave carry over but do let employee's trade-in unused sick leave for vacation time; usually two hours additional vacation time for every unused sick day. Still other companies do not allow sick leave carry over or trade in.

In recent years, more progressive companies have amended their sick leave policies to allow employees to use sick leave time to care for ill children or other disabled family members. Most companies also allow use of sick leave for doctor, dental, psychological, or physical therapy appointments. Ultimately, however, the decision regarding sick leave is left up to the employer. The FLSA does not require employers to grant any sick leave allowance.

HOLIDAY LEAVE is another common employee benefit. However, the holidays observed varies greatly from industry to industry as well as from employer to employer. Federal employees automatically receive all preset federal holidays off. The standard holiday time for non-federal employees falls between seven and eleven days per year. Some of the more common holidays are: New Year's Day, Martin Luther King Day, President's Day, Memorial Day, Independence Day, Labor Day, Veterans' Day, Thanksgiving Day, Christmas Eve, and Christmas Day.

Some businesses make allowances for religious holidays by allowing employees to use either sick leave or vacation leave to observe those holidays. A few businesses, particularly in the retail area, allow only a few holidays - - generally Thanksgiving Day, Christmas Day, and Easter - - off, but reward employees who work standard holidays either time and a half or double time for the hours.

Some businesses make allowances for religious holidays by allowing employees to use either sick leave or vacation leave to observe those holidays. A few businesses, particularly in the retail area, allow only a few holidays - - generally Thanksgiving Day, Christmas Day, and Easter - - off, but reward employees who work standard holidays either time and a half or double time for the hours worked. Very few businesses require employees to work all standard holidays without some form of compensation. As with most employee benefits, however, decisions regarding holiday leave is up to individual employers. The FLSA does not require granting of holiday leave.

COMPENSATORY TIME is often misused. Often referred to as "comp time," compensatory time, **in its legal form**, is granted to exempt, and certain approved nonexempt employees to offset time worked over eight hours within a given work day or over 40 hours within a given work week. Comp time may also be granted as a reward to either exempt or nonexempt employees for completion of a special project or as a bonus for a job well done. Unfortunately, however, comp time is often used to offset time worked by nonexempt employees over eight hours within a work day or totalling more than 40 hours within a work week. This use of comp time is in direct violation of FLSA procedures which state that nonexempt employees are subject to overtime pay for all time worked over eight hours within a work day or totalling more than 40 hours within a work week.

PERSONAL LEAVE is a relatively new employee benefit. It is generally granted for special situations such as deaths in the family; doctor, dental, or psychological appointments, etc. (which are too short in nature for sick leave usage or when sick leave is not a benefit); parent-teacher conferences; and other necessary meetings which must be held during normal work hours.

While some businesses pay employees even during personal leave, others simply grant the time off without pay. In either instance, the amount of personal leave (if granted at all) may vary from employee to employee based upon their job description, title, or length of time with the company. The FLSA does not regulate personal leave.

TUITION REIMBURSEMENT is becoming more popular as a method to ensure that employees keep current with skill changes in their jobs. While a few companies will reimburse employees across the board for any course work taken - - whether it helps them in their jobs or not - - most employers require that course work be job-related.

It is common for employers to set a standard to which employees must perform (generally a "C" average or better), the number of course hours reimbursable within a given time period, and a cap on the amount of tuition that will be reimbursed.

LIFE INSURANCE benefits have become more frequent now that most insurers provide group rates at low costs even for groups of ten or fewer employees.

If employees are required to pay part of the group insurance cost, Oklahoma law requires that seventy-five percent (75%) of all employees agree to the coverage. If the business pays group insurance premiums covering all employees up to $50,000.00, the cost is deductible for federal income tax purposes but the value of the benefit is not taxable to employees. Additionally, most group plans will permit employees leaving the company to convert the plan if done within 30 days.

MEDICAL INSURANCE including group health helps to reduce labor turnover. Group health insurance costs much less and provides more coverage for the worker than individual contracts. In addition, if the employer pays the entire cost of the insurance, individual employees can't be dropped from a group plan unless the entire group is canceled.

Both group life and medical insurance provided as employee benefits must conform to standards established by both state and federal statues. These requirements may be obtained from the following:

Oklahoma Insurance Department
1901 N. Walnut
Oklahoma City, OK 73105
(405) 521-2828

Pre-Employment Reference Check

Applicant:_______________________________________ **Position:** ________________________

Company contacted: _____________________________ **Phone no:** ________________________

Person contacted: _______________________________ **Title of contact:** ____________________

Relationship to employee: _________________________ **Employee's title:** ____________________

Approximate starting date: ___________________ **Approximate ending date:** _________________

Employee's duties: ____

Reason employee left company: ____

RATING CATEGORY	POOR (0)	BELOW AVERAGE (1)	AVERAGE (2)	ABOVE AVERAGE (3)	GOOD (4)	EXCELLENT (5)
Attendance						
Quality of work						
Quantity of work						
Cooperation						
Acceptance of Responsibility						
Taking Initiative						
Attention to Detail						
Ability to Learn						
Ability to Follow Directions						
Follow Through						
Overall						

What did you consider this employee's strong points? ____

____

What did you consider this employee's weak points? ____

____

In what areas could this employee improve? ____

____

Would you rehire this employee? ___ YES ___ NO ___ UNCERTAIN

Other Comments: ____

____

____

____

Application for Employment

Our policy is to provide equal employment opportunities to all qualified persons without regard to race, creed, color, religious belief, sex, age, national origin, ancestry, physical, or mental disability or veteran status.

Name: ____
LAST FIRST MIDDLE

Street Address: ____

City: ______________ State: ________ ZIP: __________ Phone: ______________

Position Applied For: ______________ When Can You Start? ______________

How did you hear about this opening? ______________________________

Are you looking for full-time employment? ___ YES ___ NO If not, what hours are you available? ________

______________ What wage/salary are you looking for? ______________

Have you ever been convicted of a felony? ___ YES ___ NO If yes, explain. ______________

Education	School and Location	Major	Degree or Diploma
High School			
College			
University			
Other			

Other Skills: ____

Employment History

Company Name: ______________________ Address: ______________
______________________________________ Phone: ______________
Dates: ______________ Wage/Salary: ______________ Title: ______________
Name of Supervisor: ______________________ May we contact? ___ YES ___ NO
Responsibilities: ____
______________________ Reason For Leaving: ______________________

Company Name: ______________________ Address: ______________
______________________________________ Phone: ______________
Dates: ______________ Wage/Salary: ______________ Title: ______________
Name of Supervisor: ______________________ May we contact? ___ YES ___ NO
Responsibilities: ____
______________________ Reason For Leaving: ______________________

Company Name: ______________________________ Address: ____________________

____ Phone: ______________

Dates: ____________________ Wage/Salary: ______________ Title: ______________

Name of Supervisor: _________________________ May we contact? ___ YES ___ NO

Responsibilities: ____

_________________________ Reason For Leaving: _________________________

Company Name: ______________________________ Address: ____________________

____ Phone: ______________

Dates: ____________________ Wage/Salary: ______________ Title: ______________

Name of Supervisor: _________________________ May we contact? ___ YES ___ NO

Responsibilities: ____

_________________________ Reason For Leaving: _________________________

Company Name: ______________________________ Address: ____________________

____ Phone: ______________

Dates: ____________________ Wage/Salary: ______________ Title: ______________

Name of Supervisor: _________________________ May we contact? ___ YES ___ NO

Responsibilities: ____

_________________________ Reason For Leaving: _________________________

Reference Names	**Address**	**Phone No.**

I certify that the facts set forth in this application for employment are true and complete to the best of my knowledge. I understand that if I am employed, false statements on this application shall be considered sufficient cause for dismissal. This company is hereby authorized to make any investigations of my prior educational and employment history.

I understand that employment is "at will" which means that either I or this company can terminate the employment relationship at any time, with or without prior notice, and for any reason not prohibited by statue. All employment is continued on that basis. I understand that no supervisor, manager, or executive of this company other than the president has any authority to alter the foregoing.

Signature_______________________________________ Date ____________________

Section 4

M a r k e t i n g

Marketing & Advertising: What Is The Difference?

Probe
Product
Pricing
Promotion
Customer Service
Customer Competition Analysis
Product Worksheet
Pricing Strategies
Trademark Information
Color Insights
50 Ways To Keep Your Customers
Prospect Info Sheet

How Does Advertising Fit Into The Picture?

Print Ads
Radio
Television
Networking Pointers
Outdoor Ads
Advertising Design

Marketing & Advertising: What Is The Difference?

Marketing & Advertising

A lot of confusion exists about the difference between marketing and advertising. Many businesses assume the two are interchangeable. They are not.

Marketing is an activity intended to create an interest in and a need to purchase a product or service.

Advertising is just one of the technical tools used in marketing to accomplish that task. There are many others; public relations and publicity to name two.

Marketing is critical to the life of any business but that is particularly true of small business. To be truly successful, small business must be able to identify their customers' wants and needs and then meet them while still making a profit. To do that business must begin with a basic analysis of what it has to offer its potential consumers. Whatever the product or service, there must be something unique about it; something that will make customers willing to pay the asking price.

To succeed in business - - and to make a living at it - - businesses must carve out a market niche. Within that niche, they must develop as good a reputation for "making widgets" as Coke does for making sodas or as Gillette does for cutting off stubborn whiskers.

Marketing analysts do not always use the same terminology or divide market research into the same categories. The categories we will use in this handbook tend to overlap somewhat; however, each pinpoints a specific marketing area that is important when developing a marketing plan. These are often referred to as the Four P's:

1. **PROBE:** consumer research.
2. **PRODUCT:** the goods, services, and ideas that embody the benefits that consumers seek. This includes packaging, name, logo, and the product itself.
3. **PRICING:** the value placed on a product or service. This is often affected by competitors' pricing; but also includes the psychological issue of pricing and considers the segment being solicited.
4. **PROMOTION:** getting the story out.

Each of the above generates questions that must be answered in order to develop good marketing strategies and put together a solid marketing plan. However, we are also going to add another component **- -** ***Customer Service.*** It is in this area that small business has its best opportunity to over come the obstacles and seemingly major advantages that bigger business offers: For it is in this area that big business is failing miserably.

Probe. Marketing surveys are one method of probing into consumer's wants and needs by helping you to determine:

- Product/Service acceptability,
- Name recognition,
- Consumer interest, and/or
- Value of the product or service.

However, be cautious! To reach a target market, and get back valid results, marketing surveys must be conducted of potential customers; not family and friends. These surveys can be accomplished through the mail, by telephone, or through either personal or group interviews.

Another method used to determine customer needs is evaluation of industry trends. This kind of evaluation can be done through contacting trade and professional associations in the industry to find out the perceived demand for the product or service. These groups can also be a good source of information regarding current pricing trends.

A final method of determining customer need is through evaluation of the competition. *What products or services are moving well for them? What are their prices? What kinds of problems have they encountered? What is the knowledge level of their employees? How do they display the product?* Answers to these questions, will help determine the weakest links and suggest ways to strengthen them. *(Note: A Customer Competition Analysis form is provided for you on page 88 of this handbook.)*

Customer identification is THE primary goal of all market planning. When marketing research is done correctly, a market segment or group of customers is identified. This market, is generally described in demographic and psychographic terms. Demographics outline a customer's:

- *Age.* Compare the target market's average age to the age group that is currently dictating market trends. Determine if the comparison is positive, negative, or uncertain.

- *Sex.* Determine who is more likely to buy your product or service: a man or a woman. The answer to this question will greatly influence the advertising tools you will choose.

- *Ethnic Background.* Analyze whether your product or service is more likely to be purchased by a particular ethnic group. Ethnic origin may greatly influence your population base. If it does, product preferences, population shifts and language may vary. These variances may effect your target market.

- *Education.* The education of customers often points to changes in product preference. People with higher education levels may have more specialized tastes. Determine if this effects your target market.

- *Occupation.* Like education, occupation may influence buying trends.

- *Income.* As mentioned above, people with more education, and those in certain occupations, will likely have a higher income. This may greatly influence their buying trends.

- *Family status.* If traditional families, or nontraditional groups like single people living alone or unmarried people living together influence your product or service, determine specifically what the influences are.

- *Geographic location.* Find out where your customers shop; where they live or work. If they shop where they work, it won't do you any good to provide the product or service in the location where they live.

While traditional demographics will help you determine "where" your customers are and "how" they buy, they will not tell you "why" they buy what they buy. This is were psychographics comes in. Psychographics give you a psychological profile of your customer so that you can determine "why" people will buy certain products over others. It analyzes:

1) ***Life-style*** This relates to a customer's activities, interests, and opinions which may reflect on how they spend their leisure time. This, in turn, may influence their buying patterns.

2) ***Behavior*** Degree of community involvement, political activity, etc. reflects a customer's values while their degree of cautiousness, skepticism, or ambition may reflect on their buying patterns.

3) ***Self-concept.*** This reflects both how the customer sees himself and how he wants to be seen. Self-concept may influence a customer's buying patterns. For example, if he sees himself, and wants others to see him as a success, he may feel the need to buy a Mercedes Benz when a Pontiac might do just as well.

4) ***Buying style.*** It is important to find out how often customers purchase and the reason for buying. New products are often purchased by individuals whose buying style is adventuresome and open.

Psychographic information is particularly valuable in helping to select advertising media and in designing advertisements because it can help identify the buying behavior of potential consumers. For example, if a person is ambitious, (s)he will tend to buy "status-support" products. If the person enjoys social activities, (s)he will be good customers for liquor, wine glasses, and cookery items. If the person is a loner, (s)he will gravitate toward private entertainment forms like personal computers, model building, and the like.

Large companies and independent researchers have done a lot of research into both demographic and pyschographic information. University libraries are good sources for researching their information. Trade associations and related business organizations can also provide relevant demographic and psychographic data. Lastly, magazine "media kits" often provide this kind of information.

Ultimately, before beginning any kind of marketing strategy -- including formal market planning -- it is imperative that you find out as much about your potential market (or customer) as possible. But also remember that **marketing is a dynamic process**. Customers move, life-styles change, incomes vary. To work effectively, market research cannot be used simply as a one time shot that you use to put together a marketing plan; refer to it for awhile; and then forget all about it. For your business to be successful, it must **continue to do market planning throughout the life of the business**.

Product. To effectively market a product or service, you must begin by determining what makes it unique. This can be achieve by answering several questions:

- Is the product or service offered by anyone else?
- Does the product or service satisfy an "unfulfilled" need?
- Will the product or service create a trend?
- Is it environmentally sensitive (e.g., a gas station or dry cleaning establishment)?
- Does it play to the customers' sense of value?
- Does the product or service occupy a special niche?
- Is a moral issue involved?
- Is it patentable? *(Note: a product may be patentable; a service is not.)*

- Is the marketing technique used to promote the product or service different?
- Is customer service different?
- Does it use my special talents?

Once these questions are answered, you will have a clearer picture of what the product or service's key marketing points are. *(Note: refer to the questionnaire on page 89 of the handbook to help you pin down these answers.)*

Pricing is a marketing decision that combines the market research completed in "probing" with financial analysis. To be truly successful, business must price their products and services in such a way as to:

1) Allow a profit margin for the business,
2) Be competitive with other businesses, and
3) Suit the customer's budget.

Pricing can either make or break a business. If the price is wrong, it won't matter if everything else is right. But how does one go about deciding upon a price?

There are two important factors to keep in mind when establishing a pricing structure. The first is the ***price ceiling***; which represents the price that the market determines the product or service will successfully sell for. This identifies the top price customers will typically pay for particular goods or services. Market research and competitive analysis should be used to determine pricing trends and strategies of similiar businesses. The second is ***price floor***; which represents all of the costs associated with running the business. This is the price below which business cannot sell the product and still make the necessary profit.

Successful businesses traditionally operate somewhere between the price ceiling and the price floor; allowing a margin for returns, damage, sales, and discounts.

There are also psychological factors involved in pricing. Retailers use "odd number" pricing ($499 rather than $500) because the difference between the prices is perceived as being greater than one dollar. Psychologists even suggest that every number has psychological qualities that affect price perception. For example, the number 8 is round and symmetrical; soothing and calm, while the number 7 is angular and calls attention to itself. Consequently, in psychological terms, 8.8% financing may be more appealing than 7.7%.

Perceived value is yet another pricing factor. With manufactured goods, perceived value might be measured in terms of greater durability or longer warranty. Perceived value can easily be enhanced by packaging, advertising, and promotion. Determining perceived value will almost certainly require the use of market research.

Price can also play a major role in product or service promotion. Discounts and rebates can help increase sales volume. There are even instances where a rise in price has actually increased market share. But keep in mind that promotional pricing is somewhat limited by government regulation. If a business advertises fantastic discounts, the customer's savings must be real. "Rain checks" must be offered for specially priced items that quickly sell out. Promotional pricing is also important when introducing a new product or service. However, remember that it is easier to lower a price than raise it. Selling below the competition may initially improve sales volume, but could cost a lot of customers when prices are raised after the promotional period ends.

Price changes can respond to shifts in the market, cost increases, or the need for more profit. However, it is important to anticipate the impact of a price change before it is made:

- How will the sales force react?
- Will the change have a noticeable effect on competition?
- How will if affect distributors or dealers?
- Will suppliers charge more if prices are increased?
- Are there special government regulations to be considered?
- How will customers react to a price change?

Ultimately there is not one magic formula for establishing a pricing structure. A lot of things have to be taken into consideration. *However, on page 90 of this handbook is information that may be helpful in determining pricing for products and services.*

Promotion. Two elements are involved in deciding the impression that a customer will make about a business and its products or services. **Identity** refers to how the customer compares a business to its competition while **image** refers to the emotional or psychological feeling that a customer has about the business product, or service.

Names - - of companies - - as well as their products or services, can be a very important part of a business's identity. For that reason, many companies register their business and/or product/service names. However, it is important to remember that, if the name of a product is a key part of the overall marketing strategy, then it should be registered before the product is fully developed. This helps prevent the competition from capitalizing on the use of the name.

Product names - - sometimes referred to as brand names - - should be strong, easy to pronounce and spell, distinctive, and descriptive. These names provide a method of identifying the specific goods or services of a particular seller. The rights to sell brand names are protected by common law, but it is still a good idea to obtain further protection by registering the name with the Patent and Trademark Office. Keep in mind, however, that the legal registration process is complex. The rules include that a brand name must be used in interstate commerce before it can be protected.

Some brand names become so familiar that they become generic. "Aspirin" was once simply a brand name, as was "nylon" and "cellophane." "Kleenex," which is an invented word, is almost as generic as "Xerox" which has become both a verb and a noun.

Trademarks, like brand names, help make a product or service more noticeable and distinctive in the marketplace. A trademark is defined as *"any word, name, symbol, device or combination thereof, adopted and used by a manufacturer or merchant to identify his goods and distinguish them from those manufactured or sold by others."* A good trademark, will be easily recognizable for its visual representation of a company or product. *(Note: Information on how to trademark is included on pages 91 through 93 of this handbook.)*

However, the real identity of a company actually stems from the image that it creates with its customers by listening to their wants and needs and then meeting them once they have been identified. Failure to achieve that single goal - - no matter how good the company's proposed image may be - - will leave the business with a negative identity in the eyes of the consumer.

If image is an important factor in a company's marketing strategy, the services of a professional artist, computer graphics specialist, or ad agency to design the packaging, trademark, logo, and various promotional materials will likely yield high dividends.

A business's image - - which will eventually become an integral part of its overall identity - - is reflected in its chosen logo, business signage, employee uniforms, style of promotional materials, and packaging. These things, when tied together, are often referred to as an "image package." The different combinations chosen for this package create an image for the business and make both promotional and packaging materials more easily recognizable. In today's increasingly competitive world, it is important to be recognized, remembered, and viewed as an established business.

*A **logo** is a symbol that represents the business. It provides a quick way of getting people to notice and remember a business. In choosing a logo, it is important to make sure that the design is appropriate to the business and that the artwork is timely. Most printers have a book of current, standard logos on file. For more specialized designs, consider hiring a professional artist, working with a high school or college student, or working with a computer graphics specialist. But keep in mind, if a logo design is original, it might be advisable to consider registering it with the Copyright Office or the Patent and Trademark Office in D.C.*

***Logotype** refers to the type style used in the writing of the business name. The type size, placement, and style can communicate a great deal about a company. For example, a capitalized bold typeface projects the image of an aggressive company with a foothold in the marketplace. It will likely inspire confidence. Modern, bold type will project a high-tech image of efficiency. Antique lettering will project an old-fashioned, more casual feeling, etc.*

*Adopting **company colors** is yet another way of influencing graphic identity. The colors chosen can set the tone of marketing materials. The use of color in marketing can be powerful; however, be certain that the colors chosen reflect the image the company wants to project.*
(Note: On pages 94 and 95 of the handbook is additional information on color analysis.)

***Signs** are yet another way of promoting a graphic identity. They should include the company logo, logotype, and colors. Because signs are a written invitation to the public, they should be colorful, easily recognizable, and easy to remember. McDonald's "golden arches," for an example, began as a part of the building design. Later they became giant neon signs. Today, they form the big "M" that appears on all McDonald's products. The "sign of the golden arches" has changed over the years, but it remains the symbol of the McDonald's legend.*

***Promotional materials** should also reflect the company's image. Since a business's identity is most often based upon its paper correspondence, materials such as stationery, business cards, and envelopes are second only to annual sales in a list of items that convey a company's image.*

From the day business opens its doors, there are certain materials that are absolutely essential to properly represent a company's image. They are:

- **Business Cards.** The common business card is the most universally used business tool in the world. Not only does it give a business credibility, it also serves as a visual reminder of the business and its products or services. A business card is like a mini-billboard. It should tell:

    1) W***hat*** *the business is;*
    2) *W**ho** to contact;*
    3) *W**hen** the products and services are available;*
    4) *W**here** the is business located;*
    5) *W**hy** they need that product or service; and*
    6) *H**ow** to get the products or services.*

In developing a business card:

1) The logo must be descriptive.
2) The company name must be legible and in the correct logotype.
3) A contact person's name and phone number must be given.
4) Include a statement about the product or service offered (if it's not obvious).
5) The overall appearance of the card must be pleasing.
6) The card should be one the customer will remember

- **Stationery.** Most companies generate sufficient correspondence to warrant the development of company stationery. Stationery, like business cards, lends credibility to a company's image. Stationery should include the company name, address, telephone and fax numbers (except on the envelope), and if desired, the owner's name and title.

Other invaluable promotional materials are listed below in the order of importance ranked by a survey of 1,500 small businesses throughout the country:

- Signage (building, window, and/or vehicle)
- Mailing Labels (for materials sent other than company stationery)
- Brochures/Flyers
- Business Forms (invoices, statements, purchase order, checks, contracts, etc.)
- Give Aways (promotional "gimmicks" like key chains, pens/pencils, cups, etc.)
- Presentation Materials (folders, binders, name badges, etc.)
- Displays

Why Do I Need To Know My Customer?

Customers are not the frosting on the cake. **They are the cake!** The frosting is an improved business reputation and higher profits for your business because you have done a quality job in customer service. Treat your customers well and you will be in business for many years. Treat them poorly and eventually they will run you out of business. The choice is ultimately yours, but chances are you are not going into business to lose money; so deal with this fact or give up your dream here and now!

Two primary dimensions make up quality customer service:

1) The ***procedural side***, which consists of the established systems and procedures to deliver products or services.

2) The ***personal side***, which consists of how service personnel - - using attitude, behavior, and verbal skill - - interact with customers.

Quality customer service requires business to take four primary steps:

Step 1: Transmit a Positive Attitude to Others. This actually begins with the appearance that you make when a customer first meets you. The old adage is true: "You never get a second chance to make a first impression." Make the wrong impression and there won't be a second chance.

The following may affect the appearance you present to customers:

1) Dress: Including "how" you look and "what" image you project.

Women generally will project a stronger, more powerful image if they wear a suit which consists of a jacket and skirt or jacket, blouse, and skirt; rather than a pant set, dress, or skirt and blouse. They project a more laid-back, casual image when they wear pants and *skirt and blouse. They project a more laid-back, casual image when they wear pants and a blouse, a skirt and blouse, or a dress. Additionally, women are expected to have a much broader wardrobe base then men. Men, can get by with only four to five major wardrobe changes. In rural areas, men can just as easily project a strong, powerful image with a sports coat, slacks, and tie as with suit and tie. A much more casual image is projected when they wear just a dress shirt, tie, and slacks. Color also comes into play with regard to dress. Power colors for women are charcoal gray, blue (from royal to navy), black, purple, (from royal to deep), and red. Power colors for men are charcoal gray, blue black, and brown. Bright colors worn either by men or women tend to make people nervous, , uncertain or put off. Pastel colors, while putting people more at ease, also tend to be extremely laidback; which may make the sale harder to make. Other things like beards, mustaches, makeup, haircuts, etc. and accessories like sunglasses, jewelry, ties, etc. can have a major impact in the area of dress; as can nose hair, ear hair, body odor, too much cologne or after shave, circles under the eyes, bad breath, etc.*

2) Visual/Stance Cues: Including "what" the other person sees when (s)he looks at you as a whole and body language.

Crossing arms stiffly over the chest indicates a "closed" stance; that there is no room for another person or object. Arms held out in a slightly curved position indicates strong boundaries with a defined opening that says "come in." Leg stance, open or closed, tends to indicate much the same thing. If legs are open and arms are closed, that indicates an incongruity. People are not likely to buy from some one who projects that kind of uncertain image.

3) Eye Contact: Whether or not you look at the person you are talking to.

Looking at somebody when they are talking says you are interested. Looking at somebody when you are talking indicates you believe in what you are saying and in yourself. Looking away when someone else is talking indicates distraction. Looking down or away when you are talking to someone indicates that you don't believe in what you are saying, don't believe in yourself, or that you are lying.

4) Handshake: The contact you make with another.

A limp or brusque handshake indicates disinterest. A crushing handshake indicates an intent to over power. A wet handshake indicates nervousness, uncertainty of what you're about to say. A firm handshake indicates confidence.

You can also send a positive attitude through the sound of your voice. The tone of your voice, or how you say something is often more important than the words you actually use. If you speak too loudly, you will appear pushy. Speaking too softly indicate timidity and lack of believe in what you are saying or in yourself. Speaking too slowly insults the individual you are talking with by indicating that they are slow or stupid. Speaking too quickly indicates that you are unsure of what you are saying.

The skill with which you use the telephone is also important because:

1) You have only your voice to rely on. Body language, written messages, and visual aids are not available.

2) When you are on the phone with a customer you are the single representative of your company. In other words, you ARE your business.

Finally, you can send a positive attitude by staying energized. Customer service requires the exertion of emotional labor. Emotional labor takes its toll on your energy level just like physical labor.

It makes you tired. Therefore, it is important that you counteract that by doing something that helps you reenergize you.

Step 2: Identify the Needs of Your Customers. It is important to understand the timing requirements of your customers in order to deliver quality customer service. Customers, who are in a hurry because they are on a time schedule, resent it when you move slowly, respond at your leisure, or spend your time talking on the phone instead of waiting on them. Attentiveness is the skill of understanding what your customers may need and want. It goes beyond timeliness and anticipation because it requires you to "tune-in" to the human needs of those you serve.

Just like you, customers have basic needs. They need:

1) **To be understood.** Those who select your service need to feel that they are communicating effectively. This means the messages they send should be interpreted correctly. Emotions or language barriers can get in the way of proper understanding.

2) **To feel welcome.** Anyone doing business with you who feels like an outsider will not return. People need to feel you are happy to see them and that their business is important to you.

3) **To feel important.** Ego and self-esteem are powerful human needs. We all like to feel important. Anything you do to make a guest feel special is a step in the right direction.

4) **To be comfortable.** Customers need physical comfort; a place to wait, rest, talk, or do business. They also need psychological comfort; the assurance they will be taken care of properly, and the confidence you will meet their needs.

Skill listening is also an important part of this step. Five ways to be a better listener include:

1) Stop talking;
2) Avoid distractions;
3) Concentrate on what the other person is saying;
4) Look for the "real" meaning; and
5) Provide feedback to the sender.

The final way of identifying customer needs is to obtain customer feedback. Ask customers what they want; what they think; how they feel; if they have suggestions; etc. All of us like to be asked for our opinion. It is a powerful marketing tool.

Step 3: Provide for the Needs of Those Doing Business with You. You have gained all the information you need to accomplish this in the steps above. Now put it all into action. And don't forget the backup duties that make everything else possible. These generally includes things like stocking, filing, answering the phone, cleaning up, etc. Finally, don't forget to prepare for the unexpected. Everything doesn't always go the way it should. Have backup plans in effect for every possible contingency.

Step 4: Obtain Return Business. In order to accomplish this step, it is important to understand the reasons that customers do not return. Statistics indicate the following break-out:

- 1% of lost customer die;
- 3% move away;
- 4% just naturally float from place to place;
- 5% change on a friend's recommendation;
- 9% can buy it cheaper somewhere else;
- 10% are chronic complainers; but
- 68% go elsewhere because the people they dealt with were indifferent to their needs.

An important part of obtaining return business is dependability. If you claim a product or service does a certain thing, make sure you back up that claim. Lying to customers is a sure fire way to send them packing; and they will take a lot of other customers with them through word-of-mouth.

Next, do what you can to satisfy those customers who complain:

1) Listen carefully to their complaint;
2) Repeat the complaint back to them and get their acknowledgment you heard it correctly;
3) Apologize for the problem (Yes, even if it wasn't YOUR fault!);
4) Acknowledge the customer's feelings (anger, frustration, disappointment, etc.);
5) Explain what action you will take to correct the problem; and
6) thank the customer for bringing it to your attention.

Here are some startling statistics that illustrate the importance of solving customer complaints:

FACTOIDS

1. Only 4% of customers complain. 91% of customers who have a problem will just go away because they feel complaining will not do any good.

2. For every complaint your business receives, there are 26 others with unresolved complaints or problems; six of which are serious problems.

3. Most customers who complain will do business with you again if you resolve their complaint. They are, in fact, more likely to refer other people to you than non complainers.

4. A dissatisfied customer will tell as many as 10 people about the situation. Approximately 13% of those will tell up to 20 more people about the problem. This is a significant amount of negative advertising. Can you afford it?

5. Happy customers will tell approximately five people about their positive experience.

6. It costs five times more to attract new customers than to retain old ones. Customer loyalty and the lifetime value of a customer can be worth up to 10 times as much as the price of a single purchase.

7. Businesses that provide superior customer service can charge more, realize greater profits, increase their market share, and have customers willingly pay more for their products simply because of the good service. In fact, those businesses can gain up to 6% a year in market share by simply providing good service.

8. The lifetime value of a customer, or the amount of purchases that customer would make over 10 years, is worth more than the cost of returning their purchase price on one item.

9. Customer service is governed by the rule of 10's. If it costs $10,000 to get a new customer, it generally takes only 10 seconds to lose one, and 10 years to get over it or for the problem to be resolved.

Learn how to convert difficult customers to your side. This can be achieved by:

1) ***Not taking it personally.*** This is hard to learn, but remember, they are not attacking you personally.

*2) **Remain calm and listen carefully.*** Take a deep breath and plan your words before you speak. Paraphrase what they have said to make sure you heard them correctly.

*3. **Focus on the problem:*** Not the person. Try to figure out what this person needs and satisfy the need in some way if you can. Let them know what you CAN DO.

*4. **Reward yourself*** for turning a difficult customer into a happy one.

Finally, take one extra service step. Be creative and come up with you own signature customer service step. It will make a difference; whatever it is. This step is important to customer retention. Here are a few ideas:

1) **Frequent buyer programs** reward customers who buy from you frequently. The rewards do not have to expensive or lavish, they must have to show the customer you appreciate their business. Be sure it si easy for all of your regular customers to benefit from the program. For example: Provide a customer "punch card" that is punched each time the customer makes a purchase. After 10 purchases, give them a 10% discount off their next purchase or present them with a small token "gift."

2) **Frequent referral programs** rewards people who provide you with referrals. The reward is designed to reinforce that behavior. For example: After one referral, send the customer a thank you card; after two, call and thank them personally; after three, send flowers or a gift basket; after four, send them a gift certificate (less than $25); etc.

3) **Personal letters/Thank you cards** are always a good way to foster customer retention.

4) **Recognition programs** involve getting to know your customers. Learn and use their names. If that isn't possible, at least learn to recognize them as regular customers. Go out of your way to learn about new customers. The key is to do this in a natural way so that each customer feels and believes you are taking a special and sincere interest in him or her.

More formalized recognition program include things like:

- Special sales, just for current customers;
- Contests;
- VIP cards for your best customers;

To summarize customer service, on pages 96 through 101 is a list entitled "50 Ways To Keep Your Customers For Life." Follow that and you will achieve maximum customer service.

CEOs of Fortune 500 companies all have at least one thing in common. They agree that marketing is one of the most important functions in any business. For that reason, nearly 50 cents of every consumer dollar made goes toward marketing and advertising. On the flip side, surveys of failing businesses reveal that little, and in some instances no, marketing and advertising ever took place. Notice any interesting correlations?

The truth of the matter is this. Businesses that operate without using good marketing principals in conjunction with solid advertising standards, had better find a reliable crystal ball, a Genie's lamp, or a very powerful magic wand. Without the use of marketing and advertising - - or a great deal of magic - - the business is doomed to fail!

CUSTOMER COMPETITION ANALYSIS

If your customer(s) are other businesses, describe their:

Industry: ____

____

Annual Sales Volume: ____

Number of Employees: ____

Age of the Business: ____

Minimum Purchase Amount: ____

If your customer(s) are members of the general public, describe their:

Marital Status: ______________________________________

Sex: __________ Age Range: _______________ Race: _______________________

Income Level: ________________________________ Religion: ____________________

Activities: ____

____

What distance will your customers be willing to travel to buy from you? __________________________

What distance are you willing to travel to sell to your customers? _______________________________

How many of the customers described live within the geographical limits you have set? _______________

What number of potential customers do you believe will purchase the products or services that you offer either from you or one of your competitors? _____________________________

What percentage of that number do you believe will purchase from your company? ___________________

Multiply the number of potential customers you believe will purchase the products or services that you offer from either you or one of your competitors with the percentage you believe will purchase those products or services from you. This number __________ represents your potential customer base.

How many purchases will the average customer make during a year? ___________________________

How much will the average customer be willing to spend on each purchase? _______________________

Multiply the number of purchases the average customer will make with the amount the customer will be willing to spend. This number _______ represents the amount the average customer will spend each year.

Multiply the number you determined will be your customers each year with the amount each customer will be willing to spend each year. This number ________________ represents your expected annual sales volume.

PRODUCT WORKSHEET

1. What does the product do? ____
2. Why was it developed, invented, or produced?___________________________________
3. What problem does it solve? ____
4. How often is it used and where? ____
5. How is it made? ____
6. What are its ingredients, pieces, components? ________________________________
7. What features are truly distinctive?______________________________________
8. How is it designed? ____

____

____

9. What is its shape?_______________ size? _________________ texture? _______________
10. Does it have models, styles, colors, flavors? ________________________________
11. Are there any other options, decisions, choices?_______________________________
12. How is it packaged?____
13. Is it safe? ___yes ___ no 14. How well is it made? ____________________________
15. How well does it work? ______________________ 16. Has won any awards? ______________________
17. What do customers say? ____
18. When is it purchased? ________________________ 19. Why is it purchased? ______________________
20. Is it seasonal? ___ yes ___ no Why? ______________________________________
21. Is it considered a major purchase? ___ yes ___ no Why? ____________________________
22. Where is it brought? ____
23. What is its distribution system?____
24. Is there a problem with freshness, date, style? ___ yes ___ no Which and why? ____________________
25. What changes have been made? __________________________ Why?_______________________
26. In what category does it fit?______________________ 27. Is it a market leader or a follower? _____________
27. What's its share of the market? __________________ 28.What's the state of the industry? _______________
28. Are there any outside economic influences? ___ yes ___ no What? ___________________________
29. Does it have any competitors? ___ yes ___ no Who? _______________________________
30. Do they compete directly or with a product substitute? ________________________________
31. How much does the product cost? ___________________ 32. Is the price competitive? ___ yes ___ no
33. How does this product different from competitors? _______________________________
34. In what ways is it alike?____
35. What makes is more saleable? ____

PRICING STRATEGIES

Price setting is not a guessing game. In order to price your product or service competitively - - which is necessary if you want to stay in business - - you must have a real "feel" for the marketplace. This does not come easily: It is necessary to do all the market research possible before setting your price range. However, here are a few helpful hints that might make this process easier for you:

Pricing low is a good strategy if items are:	**Pricing high is a good strategy if items are:**
o widely used	o rare or customized
o usable for a long time	o outmoded rapidly
o not very durable	o durable over many years
o used for only one thing	o versatile, with multiple uses
o low-tech (not changed often)	o high-tech (changed and upgraded often)
o fast moving with a high turnover	o slow moving with a low turnover
o a source of long-term profits	o a source of short-term profits
o sold in a highly competitive market	o sold in a market with little competition
o part of a line of related products	o a stand-alone product
o compatible with few or no services	o compatible with sellable services
	o an impulse or emergency item

Pricing low is a good strategy if you, as a manufacturer or distributor want:	**Pricing high is a good strategy if you, as a manufacturer or distributor want:**
o to introduce a new capital-intensive product whose unit cost will decrease with volume	o to introduce a new labor-intensive product whose unit cost will increase with volume production
o a simple distribution system involving a single distributor	o a complex distribution system involving multiple levels of distributors
o a large or mass market share	o a small, select market share of upscale buyers
o little or no use or promotional support through advertising and sales activities	o considerable use of promotional support advertising and sales activities
o entry into a well-developed market penetrating many industries	o entry into a poorly developed market penetrating few industries
o entry into a mature, highly competitive market	o entry into a new or developing market
o easy market penetration	o high profits for the short-term only

The downside of "low-balling" prices is that a low price does not always generate volume sales. The downside of "high-balling" price is that it discourages some buyers, attracts competition, and may wrongly assume availability of buyers willing to pay a higher price for higher quality. Also, be aware that price shifting can raise or lower demand sales for certain kinds of products, but have little or no effect on other products. For example, lowering the price of paper clips would not induce customers to buy and consume more than they would otherwise. On the other hand, lowering the price of laptop computers may stimulate greater demand and a higher volume of sales.

Demand for these products changes when prices are raised or lowered:	**Demand for these products does not change when prices are raised or lowered:**
o products for which substitutes are available	o products for which no substitutes are available
o high ticket items	o low ticket items
o luxury goods	o necessity goods; staples
o high durable items	o not very durable items
o products that satisfy hard-to-fulfill needs	o products that satisfy easy-to-fulfill needs
o products that buyers can postpone buying	o products that buyers need not and can't postpone

Note: *Other pricing ideas and strategies are available through the "ABC's of Marketing & Advertising" handbook produced by the Oklahoma Small Business Development Center. The cost is $7.50 (cost of replacement paper).*

TRADEMARK/SERVICE MARK APPLICATION, PRINCIPAL REGISTER, WITH DECLARATION	**MARK** (Word(s) and/or Design)	**CLASS NO.** (If known)

TO THE ASSISTANT SECRETARY AND COMMISSIONER OF PATENTS AND TRADEMARKS:

APPLICANT'S NAME:

APPLICANT'S BUSINESS ADDRESS: ______________________________

(Display address exactly as it should appear on registration) ______________________________
____

APPLICANT'S ENTITY TYPE: (Check one and supply requested information)

	Individual - Citizen of (County):
	Partnership - State where organized (Country, if appropriate): ______________________________ Names and Citizenship (Country) of General Partners: ______________________________ ______________________________ ______________________________
	Corporation - State (Country, if appropriate) of Incorporation:
	Other (Specify Nature of Entity and Domicile):

GOODS AND/OR SERVICES:

Applicant requests registration of the trademark/service mark shown in the accompanying drawing in the United States Patent and Trademark Office on the Principal Register established by the Act of July 5, 1946 (15 U.S.C. 1051 et. seq., as amended) for the following goods/services **(SPECIFIC GOODS AND/OR SERVICES MUST BE INSERTED HERE):**

____
____
____
____

BASIS FOR APPLICATION: (Check boxes which apply, <u>but never both the first and second boxes,</u> and supply requested information related to each box checked.)

[ ] Applicant is using the mark in commerce on or in connection with the above identified goods/services. (15 U.S.C., 1051 (a), as amended.) Three specimens showing the mark as used in commerce are submitted with this application.
- o Date of first use of the mark in commerce which the U.S. Congress may regulate (for example, interstate or between the U.S. and a foreign country): ______________________________
- o Specify the type of commerce: ______________________________ (for example, interstate or between the U.S. and a specified foreign country)
- o Date of first use anywhere (the same as or before use in commerce date): ______________________________
- o Specify manner or mode of use of mark on or in connection with the goods/services: ______________

____
(for example, trademark is applied to labels, service mark will be used in advertisements)

[ ] Applicant has a bona fide intention to use the mark in commerce on or in connection with the above identified goods/services (15 U.S.C. 1051(b), as amended.)
- o Specify intended manner or mode of use of mark on or in connection with the goods/services:

____
(for example, trademark is applied to labels, service mark will be used in advertisements)

[ ] Applicant has a bona fide intention to use the mark in commerce on or in connection with the above identified goods/services, and asserts a claim of priority based upon a foreign application in accordance with 15 U.S.C. 1126(d), as amended.
o Country of foreign filing: ______________________ o Date of foreign filing: ________________________

[ ] Applicant has a bona fide intention to use the mark in commerce on or in connection with the above identified goods/services and, accompanying this application, submits a certification or certified copy of a foreign registration in accordance with U.S.C. 1126(e), as amended:
o Country of foreign filing: ______________________ o Date of foreign filing: ________________________

NOTE: Declaration, on Reverse Side, MUST be Signed

DECLARATION

The undersigned being hereby warned that willful false statements and the like so made are punishable by fine or imprisonment, or both, under 18 U.S.C., 1001, and that such willful false statements may jeopardize the validity of the application or any resulting registration, declares that he/she is properly authorized to execute this application on behalf of the applicant; he/she believes the applicant to be the owner of the trademark/service mark sought to be registered, or, if the application is being filed under 15 U.S.C. 1051(b), he/she believes applicant to be entitled to use such mark in commerce; to the best of his/her knowledge and believes no other person, firm, corporation, or association has the right to use the above identified mark in commerce, either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods/services of such other person, to cause confusion, or to cause mistake, or to deceive; and that all statements made of his/her own knowledge are true and that all statements made on information and belief are believed to be true.

_______________________________________   _______________________________________

DATE   SIGNATURE

_______________________________________   _______________________________________

TELEPHONE NUMBER   PRINT OR TYPE NAME AND POSITION

INSTRUCTIONS AND INFORMATION FOR APPLICANT

TO RECEIVE A FILING DATE, THE APPLICATION MUST BE COMPLETED AND SIGNED BY THE APPLICANT AND SUBMITTED ALONG WITH:

1. The prescribe **FEE ($20.00)** for each class of goods/services listed in the application;
2. A **DRAWING PAGE** displaying the mark in conformance with 37 CFR 2.52;
3. If the application is based on use of the mark in commerce, **THREE (3) SPECIMENS** (evidence) of the mark as used in commerce for each class of goods/services listed in the application. All three specimens may be in the nature of: (a) labels showing the mark which are placed on the goods; (b) photographs of the mark as it appears on the goods; (c) brochures or advertisements showing the mark as used in connection with the services.
4. An **APPLICATION WITH DECLARATION** (this form) **-** The application must be signed in order for the application to receive a filing date. Only the following person may sign the declaration, depending on the applicant's legal entity: (a) the individual applicant; (b) an officer of the corporate applicant; (c) one general partner of a partnership applicant; (d) all joint applicants.

SEND APPLICATION FORM, DRAWING, PAGE, FEE, AND SPECIMENS (IF APPROPRIATE) TO:

U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office, Box TRADEMARK
Washington, D.C. 20231

Additional information concerning the requirements for filing an application is available in a booklet entitled Basic Facts About Trademarks, which may be obtained by writing to the above address or by calling (703) 557-4636.

This form is estimated to take 15 minutes to complete. Time will vary depending upon the needs of the individual case. Any comments on the amount of time you require to complete this form should be sent to the Office of Management Organization, U.S. Patent and Trademark Office, U.S. Department of Commerce, Washington, D.C., 20231, and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, D. C. 20503.

FEE: $25.00

FILE IN DUPLICATE

PRINT CLEARLY

CERTIFICATE NO.

REGISTRATION OF TRADEMARK

FOR OFFICE USE ONLY

TO: THE SECRETARY OF STATE OF THE STATE OF OKLAHOMA, 101 STATE CAPITOL, OKLAHOMA CITY, OK 73105. (PHONE: 405-521-3911)

1. Applicant's full and exact name: ______________________________

2. Applicant's address:______________________________

Street Address	City	State	County	Zip Code

3. Applicant is:

( ) an individual doing business as: ______________________________

( ) incorporated in the state of: ______________________________

( ) other legal entity: ______________________________

(If the applicant is a partnership or entity, list the name and address of each partner, principal officer or trustee in extra space provided on the reverse side of this form.)

4. The trademark name and/or design is: ______________________________

____

5. A description of goods or services used in connection with the trademark: ____________________

____

6. The statutory classification of such goods or services is:

Class Number: ____________________ Class Name: ____________________

7. The mode or manner in which such trademark is used in connection with goods or services is:

____

and one specimen of facsimile of the mark as actually uses **IS ATTACHED HERETO.**

8. The date of first use of the trademark by applicant or applicant's predecessor is:

(a) Anywhere: ____________________; and (b) in Oklahoma: ____________________

9. The applicant is the owner of said trademark and no other person, firm, corporation, or association has the right to use such trademark in the State of Oklahoma, either in the identical form or in such near resemblance thereto as might be calculated to deceive or be mistaken.

10. The applicant being of lawful age and being first duly sworn on oath says that he has read the above and foregoing application and is familiar with the contents thereof, and that the facts therein set forth are true and correct.

Applicant's signature and title: ______________________________

State of: ________________) County of: ________________)

Subscribed and sworn to before me this _____ day of ________________, 19 ____, by:

____

My Commission expires: ____________________ ______________________________

(NOTARY SEAL) **NOTARY PUBLIC**

(SOS FORM 0045-3/90)

COLOR INSIGHTS

GENERAL INSIGHT:

Children react favorably to bright colors while adults favor duller or softer tones. The more educated and higher the income, the more delicate the color preference. The more illiterate and poor the individual, the more brilliant the color preference.

SPECIFIC INSIGHT:

Yellow

- is considered a color for children.
- is perceived as "temporary" in "taxicab yellow" form
  (therefore, a bank wouldn't want to use it)
- causes a physical muscular drawback when mixed with black.
- is the fastest color for you eye to see and has high retention power.
- does not always cheer you up; contrary to popular belief.
- has a tendency to reduce the apparent expense of an object, so you would not want to use where high value needs to be projected.

Red

- attracts attention and stimulates buying action. It should be used with care because of its power.
- in a blue-based raspberry form, is preferred by women.
- in a yellow-based tomato soup form, is preferred by men.

Pink

- produces a brain chemical that calms agitated, angry people.
- was Hitler's favorite color.

White

- means purity and virginity to the western world.
- means death and mourning for Asiatics.

Blue

- is associated with cool, sky, sea; things that are calm.
- is liked by most people in the U.S.
- produces measurable amounts of tranquillizing hormones.
- is associated with dependability and sincerity.
- has low retention powers.

Orange

- has a high tendency to clash with other colors.
- appeals to the widest general market.
- has extensive appeal, but creates its appeal by appearing inexpensive.
- has high retentive power.

Dark Green

- appeals to the very highest market, when used alone.
- is perceived as a spacious color, making small areas appear larger.
- is used to perceive items as "high quality."

Violet

- used in excess, can dampen commitment to purchase.
- is used to achieve special effects.

Black

- used on colored paper, increases legibility.

POWER COLORS

For Women:

1) Charcoal Gray
2) Blue (Royal to Navy)
3) Black
4) Purple (Royal to Deep)
5) Red

For Men:

1) Blue (Deep to Navy)
2) Black
3) Charcoal Gray
4) Brown

50 WAYS TO KEEP YOUR CUSTOMERS

1. **Create a service-oriented culture.** Everyone in the company must be customer oriented. Every employee must realize that they work for the customer, and that their job is to ensure the ultimate satisfaction of the customer. Everything else is superfluous.

2. **Have a service vision.** A vision is vital to the success of any business. A vision is more than just a philosophy of doing business. The vision must be the corporate cultural ethic. Everyone must believe and live the vision for the company to prove excellent customer service and keep customers for life. Management may develop the vision, but the staff must make it a reality.

3. **Total support.** True success comes from total organizational support. It may be top management who decides to embark on a customer service program, but it is the employees who implement the program. If these people don't support the initiative, the program won't work.

4. **Policies in writing.** To benefit both your customers and your employees, put your service policies in writing. This way, there can be no mistakes or misunderstandings. Be aware, however, that your employees should have the authority to grant discretionary exceptions to the policies when the need arises, Remember, polices are guidelines, and they must remain flexible.

5. **Empower employees.** Give your employees the authority to go with their responsibilities of satisfying and keeping the customer. Allow them to make decisions on the spot and support those decisions. Remember, their job is to satisfy the customer and keep them coming back. They should not have to look for you or a manager every time a customer needs something out of the ordinary.

6. **Employee training.** Train, train, and retrain to retain employees. Give them on-the-job training, off-the job training, tapes, books, seminars, workshops, anything that will help them to do their jobs better. While you may find a qualified person who has just graduated from school, nothing prepares a person better for handling customers than the training they receive on-the-job and in practically applied training programs.

7. **Market the service program.** All of your marketing should communicate that you provide superior customer service, are interested only in total customer satisfaction, and will do everything possible to keep your customers. This message must be stated in everything you send out to the public and the trades.

8. **Hire good people.** Hire people who are good and well qualified. Innate people skills go a long way toward helping your staff provide superior customer service and retain your customers.

9. **Don't make customers pay for service.** Pay for anything related to customer service, including shipping charges on returns, long distance telephone calls, postage, and anything else. If you don't pay for the cost of service, your competition will, and then your customers will become their customers.

10. **Reward loyalty.** What gets rewarded gets one. If you reward both customers and employees for their loyalty, they both will stay with you a long time. The rewards must be perceived as valuable by the recipient, but they do not have to cost you much money.

11. **Inspect what you expect.** What gets measured gets done. Measure the performance of your staff and you will see an increase in performance levels, quality, and productivity. You will alsp ultimately see an increase in profitability.

12. **Set standards of performance.** Let everyone know exactly what they must do to provide superior customer service. Make these standards as objective and measureable as possible, even though you may provide an intangible service. When people achieve these performance levels, customer retention and loyalty will naturally follow.

13. **Trade jobs.** Have your employees work in other departments. They will develop an appreciation for what other people in the company do, and therefore no employee will blame another for a customer problem. In fact, since the employees have experience in other areas, they will be able to solve more problems and satisfy more customers on the spot.

14. **Cross train.** Train your employees in other people's jobs. They will be able to provide more assistance to customers as to each other, plus you will become less dependent on "irreplaceable" employees when they are not at work.

15. **Make service easily accessible.** Make your customer service easy for the customer to access. Have them reach a person on the telephone as soon as they call in, or have them speak with an employee who can help them as soon as they arrive at your place of business. Do not make it hard for customers to come to you. They may decide not to do business with you again.

16. **Provide user friendly service.** Also make your customer service easy to use. The customer is the reason for your business, not someone who is in the way of doing business. Make the customer feel and know they can bring a problem to your attention, voice a complaint, get it resolved as quickly as possible, and receive superb treatment during all of the contacts with your company.

17. **Design flexibility into your service policies.** Keep your policies flexible, because each customer and situation is different. Your employees must know they can modify a written or stated policy to ensure the customer's total satisfaction at any given moment, and you must support your employees' decisions and actions in these situations.

18. **Educate the customer.** Do not assume the customer knows what you know. Use every customer contact as a chance to educate the customer about something related to your business. Even if you are just educating them about your great return policy, teach them. They will be appreciative and show this by continuing to do business with you.

19. **Handle complaints properly.** Acknowledge the customer is upset, listen carefully, assure them you are going everything possible to resolve their complaint, and then resolve it. Then, when they express appreciation for your efforts, use the opportunity to increase their loyalty. Thank them for bringing the problem to your attention, apologize again for the problem, and try to sell them something else.

20. **Turn complaints into additional sales.** The customer is most receptive to continuing to do business with you after you resolved a complaint. Using this opportunity to make a sale is both ethical and practical. Your customers will appreciate your interest in them. They will probably buy from you now and go out and tell their friends how well and quickly you handled their problem. You will develop a reputation with customers of credibility, reliability, and honesty.

21. **Train your employees to do it right the first time.** Repair, rework, and additional free services are costly. Doing it right the first time guarantees greater profitability, happier customers, and more long-term customers. If you must do something over again, do it even "righter" the second time.

22. **Every customer has a lifetime value.** When a customer buys from you, that purchase is not a one time, one price deal. Consider the potential that customer brings to your business. How much money could that customer spend with you over a lifetime? That amount is the lifetime value of a customer and that is the type and level of service they should receive every time they do business with you.

23. **Beg for customer feedback.** It is not enough to send out surveys or leave comment cards at the cash register. You must get as much customer feedback as possible, even if you have to beg for it. If customers are asked their opinion and see that you have implemented their suggestions, they will not only continue to do business with you, they will recommend that friends come to you also. Do whatever you can to solicit their opinions and comments, and then act on their ideas.

24. **Identify customer values, beliefs, and standards.** Your service programs must be geared to the values, beliefs, and standards of your customers. If customer values and your values conflict, invite your customers into the business for a discussion to find out why the difference exists and what can be done about it. Then decide if you must modify your position to maintain customer satisfaction and loyalty. However, you should never compromise your ethics and values to satisfy a customer.

25. **Get and use employee ideas.** Your employees have daily contact with your customers and know more about what the need, want, and expect than you or any other manager could every hope to know. Get feedback from your employees, listen carefully to their suggestions, and implement as many as possible. Research shows that the best service companies not only get more ideas from their employees, they use more of them. This makes employees feel wanted and cared about and shows them that you think as much of your internal customers as you do your external customers.

26. **Be fair and consistent.** Customers may not always like or agree with what you do for them, but as long as you treat each one fairly and consistently, they will respect you for it. Consistency enhances your credibility and reliability which are essential for building loyalty and retaining customers.

27. **Underpromise and overdeliver.** Customers' expectations can be unrealistically raised when businesses overpromise and underdeliver. Usually, the business cannot meet expectations, and the customer goes away disappointed. But if you set realistic expectations for the customer and then exceed them, the customer is more than satisfied. Do not, however, underpromise to the extent that you insult your customers. They will see through you in a minute and take their business somewhere else.

28. **Compete on benefits, not products or prices.** Customers can find another product at a lower price, somehow, somewhere. Therefore, you must remind your customers of the benefits of doing business with you. Features are found in every product, but benefits are unique to the way you do business.

29. **High touch is more important than high tech.** High tech gets people to say "WOW," but it doesn't get them to care about other people. Your business needs high touch to survive. Stay close to your customers. Get to know them well. The closer you are to your customers, the longer they will do business with you. After all, when you show you care, you become like one of the family.

30. **Ask customers what they want.** Constantly ask your customers what they want, what you can do for them, and how you can do it better. They may want a new product or service, extended hours or just something minor that will make them happier. You will never know unless you ask. After you ask, you must give them what they want. They will reward your generosity with loyalty.

31. **Daily service management.** Every employee in every department is involved in providing superior service to achieve the ultimate goal - - keeping the customer for life. Do everything possible to make everyone's job easier so that they can give the customers what they want. If there is a problem during the day, make the necessary adjustments and resolve it quickly.

32. **Know the cost of losing a customer.** All employees should know the lifetime value of your customers, the cost of losing even one of them, and the effect that loss can have on your business. Consider rewarding your employees if they retain your customers over a longer-than-average time period.

33. **Know the competition.** What kind of customer service do they provide? How are they retaining their customers? Are they offering more benefits, better service, or are they just being nicer to the customer? Find out, and if they're doing something you aren't, then do it. If it works for them, it will work for you.

34. **Conduct market research.** You can never have enough information about your customers. Do surveys, interviews, whatever it takes to find out what the market place wants. Then adapt your business accordingly. Information is not power unless you know how to use it.

35. **Conduct internal assessments.** Constantly evaluate your company's customer service satisfaction and retention. Interview your employees, have them fill out questionnaires, ask your customers how you are doing, and then use this information to improve your service and retention efforts.

36. **Know what your customers need, want, and expect.** Businesses run into problems when they think customers need, want, or expect one thing when they really require something else altogether. These gaps in perceptions about service delivery ultimately disappoint customers. Find out what the customer needs, wants, and expects and then give it to them.

37. **Find, nurture, and display customer champions.** Every business has one, two, or several employees who are true customer champions. Find out who these people are, nurture and support them, and then make them role models for everyone else to follow. Reward their behavior. The rest of your staff will upgrade their service performance to this level to receive similar rewards. The result is a highly motivated, service-oriented staff and a group of satisfied and loyal customers.

38. **Effective communication is critical to success.** Every problem between people is the result of poor communication. Train your people to develop effective communication skills: how to listen first, how to speak so others will listen, how to understand others before trying to be understood, how to receive and give feedback, and how to develop rapport with customers.

39. **Rapport is the key to successful communication.** The technical skills of communication can be acquired and used, but without rapport there is no communication. The skills of developing rapport can be taught and your employees should learn them. When employees and customers have rapport, there is a feeling of trust and a desire to continue to do business.

40. **Smile.** Smiling is important when serving customers. Smiles will usually smile in return, but smiles will not guaranteed quality customer service. Smiling must be something employees do because it makes them feel good, and it makes their customers feel good.

41. **Make customers feel important.** The more important you make customers feel, the better they will feel about doing business with you. Call them by name, ask them to tell you about themselves and ask questions about their accomplishments. Your reward will be a lifetime customer.

42. **Promote your customers.** With their permission, of course, use your customers in your marketing and promotion efforts. Let them tell their story to other customers and prospects. This third party endorsement fosters tremendous credibility, and your customers will love being involved.

43. **Create a customer council.** Like a board of directors or focus group, the council should meet regularly to scrutinize your business and the service you provide. The council makes suggestions on which you act.

44. **Market frequent buyer programs.** To get customers excited about doing business with you, start a reward program for frequent buyers. You can use coupons, punch cards, or anything else that helps keep track of customer activity. When purchases reach a certain level, reward customers with a gift, a deep discount coupon, a free product, or service or something more expensive; like a trip.

45. **Accept only excellence.** If you expect average performance and service, that is exactly what you will get. Therefore, set your expectations higher. Accept only excellent performance and train employees to achieve these levels of performance. Good enough should never be good enough.

46. **Employees are customers too.** Employees are internal customers, your first line of customers, and each of them has a customer somewhere in the value chain. Each and every employee must provide excellent customer service to each other so that they all can provide superior service to external customers. This is the only way to guarantee customer satisfaction and retention.

47. **Let customers know you care.** Send them thank you cards, holiday cards, and anything else you can think of to show them you care. Never let them forget your name. Teach them that whenever they need something, they can come to you for it because you care. Spend both time and money marketing your caring attitude to your customers.

48. **Make service results visible.** Visibility enhances credibility and credibility is only enhanced by improved performance. Post your customer comment cards and letters for all to see. Create a testimonial book for customers to read. Post employees' performance results in their lounge or locker room. Make service results visible so that your employees will constantly improve and your customers will be the beneficiaries of the improved service.

49. **Go the extra mile.** When customers want something from you, give it to them. Then do something extra. They ill be grateful and you will have a long term customer.

50. **Marketing and customer service go hand in hand.** All marketing efforts should communicate your customer service message. In today's competitive marketplace, the only thing that differentiates companies is the level and quality of their customer service, and this is the major criteria people use to decide whether or not to continue purchasing from that company. Customer service is a very effective and powerful tool, and marketing is a very effective and powerful customer service tool. Combined, the two will help you keep your customers for life.

PROSPECT INFO SHEET

A. Demographics

Age: ________ Sex: ________ Race: ________

Marital Status: ________________ Religion: ______________________________

Politics: ______________________________ Income: ____________________

Occupation: ____

Education: ____

Social Class: ____

B. Psychographics

Life-style ____

What's this person's basic need? ____________________________________

What's a leisure time activity for this person? ______________________________

What products is he/she thinking about buying? ______________________________

What TV programs does he/she watch? ______________________________

What magazines does he/she read? ______________________________

C. Consumer Characteristics (PUT A CHECK MARK IN THE YES OR NO COLUMN)

	YES	NO
Brand loyal	____	___
Cautious	____	___
Conformist	____	___
Ecologist	____	___
Economy minded	____	___
Experimenter	____	___
Impulsive	____	___
Persuasible	____	___
Planner	____	___
Style Conscious	____	___

D. Do you know anyone, friend or relative, who fits that profile? Who? Summarize that person's characteristics.

____

____

____

____

____

How Does Advertising Fit Into the Picture?

Advertising is one of the tools used to sell a product or service. It is a complex component because it includes all of the means and methods of communication necessary to present the product or service to the marketplace. **The ultimate purpose of advertising is to communicate effectively with a target market in order to maximize business profits.** This is achieved through image building, gaining public acceptance, and then selling the product or service.

Advertising tools, like marketing should be designed specifically to meet the particular needs of your business and your budget. Your advertising plan is a vital part of any marketing effort. Once you know *who* your target audience is, *what* they will buy, *when* they tend to make purchases, *where* they usually make purchases, and *why* they make them, then you can zero in on the best advertising tools to use.

Advertising methods differ according to the medium, audience, and cost. Some forms of advertising may be more effective for your business than others. The following represents the ranked order of importance as perceived by the average small business (according to the U.S. Chamber of Commerce). These will include:

- Word -of-Mouth & Networking
- Handouts (business cards, flyers, brochures, etc.)
- Promotions (e.g., special sales, coupons, etc.)
- Direct Mail (post cards, flyers, brochures, etc.)
- Newspaper Ads
- Yellow Pages
- Radio Spots
- Television Spots
- Outdoor Ads (billboards, transit signage)

While it isn't necessary to hire an advertising agency to develop advertising products, keep in mind that the products you choose will represent your business. **They should be of the highest quality you can afford.**

Also, just like marketing, advertising requires planning. It involves the establishment of goals and objectives. There are two common advertising goals:

1) Your message must be delivered successfully to the target audience.
2) Good advertising strives to get the maximum response from prospective customers for the least amount of cost.

Typically, advertising objectives should accomplish one or more of the following:

1) Sell a specified amount of product within a set period of time
2) Position your product within the market
3) Educate about the product
4) Change or improve the image of the product or the company, as a whole
5) Get a specific number of responses (e.g., replies, new customers, telephone calls, etc.)

Any advertisement requires you to determine the marketing message for the ad. Strong advertising is based on clearly defined messages; although the style of the message may vary across market segment.

Once this is complete, you can choose the media placement for the ad:

1) Newspaper,
2) Magazine,
3) Direct Mail,
3) Television,
4) Radio,
5) Outdoor, or
6) Electronic

Your choice of media should be based on the following:

- The sources most likely to be seen or heard by your target audience;
- The information obtained through media kits from each media possibility identified;
- The "right" impact and price tag to meet your needs;
- Timing; and
- The exposure you receive for your money.

Print Ads. Effective print ads contain two main elements:

1) A strong, visual element, and
2) A short, succinct headline.

Other elements that further improve the recognition and readership of print ads include:

3) Color,
4) Size, and
5) Position.

Studies indicate that full-color ads get the most attention from readers while black and white ads get the least; larger ads get notice more than smaller ads, with the exception of classifieds; and some pages in both the newspaper and in magazines tend to get more attention than others.

Newspaper ads reach a large audience, are less expensive than magazine ads, and can easily be changed. However, they have a short life span. Small, wordy, or boring ads will likely be overlooked. Large display ads are noticed, but are also more expensive. Rates are typically based on:

- **Circulation.** The more people who read the paper, the more advertising costs.
- **Size.** In pages or in column inches.
- **Color changes.** Ads are quoted for black-and-white with color ads costing more.
- **Special placement.** If you want a special section of the paper, it will cost more.

The best place to run ads in a newspaper are listed in order of preference:

1) Page two or three of the news section;
2) The back page of any section (except for multisectional classifieds);
3) The first three pages of any section;
4) Pages four and up of the news section;
5) Feature pages including comics, sports, entertainment, etc.

Here are some additional points to keep in mind:

1) **Use the TV guide.** It stays with the reader for a week and gets more attention than other sections.

2) **Avoid running ads midweek.** Prices are attractive BUT most readers don't read them.

3) **Remember your customer.** If both men and women purchase your product, avoid running ads in specialty sections like "sports."

4) **Check previous versions,** before signing up for a periodic special interest section. If it contains mostly ads and a few, poorly written articles, skip it. Readers won't read it.

5) **Consider adding color** to your add if it will make the ad stand out more.

Magazine ads are mor complex. If you plan multiple four-color ads, you may want to use an ad agency or design firm to produce and place them. If the ad doesn't look good, it won't get noticed. Rates are based on the same general factors as newspapers:

- **Circulation.** The higher the magazine's circulation, the more advertising will cost.
- **Size.** In pages or fractions of pages.
- **Color.** Important in magazine ads.
- **Frequency of insertion.** A onetime ad or a reoccurring one.
- **Placement.** Some sections get more attention and, therefore, cost more.

The best place to run ads in magazines are listed in order of preference:

1) The inside front cover;
2) The back cover;
3) The first few pages of the magazine;
4) Across from the issue's feature article or cover story;
5) The inside back cover;
6) The first 25% of the magazine;
7) The next 50% of the magazine; and
8) The last 25% of the magazine.

Here are some additional points to keep in mind:

1) **Investigate all possible magazines** before buying an expensive ad.
2) **A tear-away business reply card will make the magazine pop open to your ad's page.**

Radio ads should be geared toward a specific demographic audience. A station's media kit will specify the demographics of its audience and the reach of the station. Radio ads must get and keep the listener's interest until the message has been delivered. You are painted a picture in the mind. This requires quality writing and professional delivery and as much creativity as you can muster on the air. The common element in all successful radio advertising is a compelling conversation, joke, debate, story, or jingle. Below are suggested elements that help create a successful radio commercial:

1) An interesting, provocative, or unusual sound affect;
2) Music;
3) A story or testimonial;
4) Impressive or unusual voice talent;
5) Combining elements to tell a story that is interest and compelling;
6) Comedy.

There are two basic steps for matching a radio station to your target audience:

1) **Determine when your audience is listening.** If you are selling a cure for insomnia, late night or early morning are when those receptive to your message will be listening.

2) **Match your product to the station's programming and listening profile.** If your commercial promotes luxury cars, run a spot during a popular show on investing money.

The best times to run radio advertising include:

1) During drive time (to and from work).
2) Saturday and Sunday mornings.
3) During work hours.
4) During a specialty show that applies to your product or service.

Here are a few more points to keep in mind:

1) Running an ad frequently over a few weeks works better than running it less over months.
2) Many stations run several commercials sequentially. Ask to be the first commercial aired.
3) Commercials running in the middle often work better than at the beginning or end of a show.
4) Radio fans quickly tire of the same commercial airing over and over; change copy frequently.
5) Before agreeing to have your commercial read life, listen to the announcer who will read it.

Television ads should be geared toward a specific demographic audience. Television can reach large segments of a target audience, but the ad must be as interesting as the program during which it airs. Most Americans watch a lot of television and have become connoisseurs of the medium. They subconsciously know when a commercial is not up to snuff. Elements that help a television ad get noticed include:

- Dazzling, provocative, or unusual visuals, sound effects, and music;
- A complete story line;
- A high human interest factor;
- Action and movement;
- Advanced computer-based animation;
- Famous acting talent; and
- Comedy.

There are three ways to purchase television airtime:

1) Sponsor a program.
2) Join a group of advertisers buying a number of spots within a program.
3) Spot advertising.

The best times to run television ads include:

1) **During prime time programming** - - beginning at 7:00 p.m. and running until 10:00 p.m.;
2. **During the news,** particularly evening and late evening shows;
3. **During sporting events** like Monday Night Football, (NOT local bowling tournaments);
4. **On news channels during times of crisis;**
5. **During movies** with commercial breaks of no more than three spots in a row;
6. **During specialty shows that pertain to your product;** and
7. **During soap operas and daytime programming.**

Here are a few other tips to keep in mind.

1) Running an ad frequently over weeks is more effective than running it less over months.
2) Some stations group commercials together, giving the audience time to leave. Avoid them.
3) If your product appeals to an upscale group, statistics indicate they watch a lot of movies.
4) Commercials running during a show work better than at the beginning or end of the show.
5) Viewers tire of the same commercial. Do different commercials or variations thereof.
6) It is important to be noticed, but loud/brash commercials offend viewers.
7. Avoid "do-it-yourself" ads. (Unless they are bad enough to be funny.)

Outdoor Ads are based on the length of commitment and number of placements. Rates vary with the display's size, demographics, and location. A strong headline and visual are important and the design must be crisp and clear. A highly effective approach to design for outdoor ads is the "T" principal, with the headline representing the top of the "T" and the visual representing the perpendicular line that meets the top.

The best place to run billboard ads are listed in the order of preference:

1) Along major arterials and near major intersections;
2) Along heavily commuted freeway routes, preferably with few other competing billboards;
3) In cities with limited public transit options that force people to drive their cards;
4) During warm weather, when people are out driving; and
5) Painted on walls in districts with no competing billboards.

The best place to run transit ads are:

1) Inside or on the outside of transit vehicles in cities when there is significant transit traffic;
2) In lighted shelters on major arterials if the ad can be seen by approaching motorists;
3) At the end of corridors, stairs, and escalators where pedestrians walk toward the ad; and
4) In airport walkways, especially if you offer products or services to travelers.

ADVERTISING DESIGN

Every promotional item and selling activity should reinforce the premise and the goals of your marketing and/or advertising campaign. Advertisements, just like any marketing piece you might design, should be coordinated to match the "image" you want to project.

As you compose your ad - - whether it is for print, electronic, visual, or sound, there are keep points you should aleays keep in mind:

1) ***Aim your advertising message directly at the people who can benefit from your product or service.*** If you have accomplished your marketing adequately, you will already have a clear picture of who this customer is. If you do not, back up and start over again. You are not ready to advertise.

2) ***No one, single ad can reach everyone you want to reach.*** It just isn't possible. We all have different likes and dislikes, styles, tastes, and so on. So don't try to please every body. It can't be done.

3) ***Put yourself in the position of your prospect.*** Don't go overboard trying to explain the brilliance of your product or service. Just tell your customer what they need and want to know.

4) ***The amount ofmoney spent on promotional materials has no relation to the ability of the piece to accomplish its objective.*** This is true of brochures, flyers, advertisements; literally everything. Focus your time and money on developing really good materials. Budget the luxury items like color, upscale paper, etc. carefully to make the most use of your money. But remember this, **if the message isn't any good, it won't matter how much you spend on "bells and whistles."**

3) ***Don't create a memorable advertisement; create an advertisement that makes your product or service memorable.*** Be sure your priorities are straight. You are trying to sell your product or service, not the promotional item you are developing.

6) ***Don't be clever just for the sake of being clever.*** Sometimes "cutesy" just isn't the way to go. In some instances you can offend your potential audience. Use wit and humor carefully and make sure it hits the right target market.

7) ***Aim for an immediate impact.*** You have less than three seconds to get a reader's attention for any print ad and less than five seconds to gain a listener or viewer's attention for radio or television ads, so get to the point.

*8) **Less is usually more.*** Avoid clutter. If the reader's eye wanders trying to figure out the ad, they won't read it.

*9) **Limit each piece to a single objective.*** The more points you try to make in an ad, the more you dilute its purpose.

*10) **Limit the emphasis used throughout the ad.*** If you accentuate too much, you'll end up accentuating nothing.

In designing the ad, consider the following:

- Color Choice

If you have a small marketing and advertising budget, consider using colored paper stock for your materials with either black or a colored ink. A deep burgundy ink on ivory or gray paper, a deep blue ink on light blue or gray paper, or a brown ink on a beige or tan paper looks much more upscale than black ink on white paper and it generally costs very little more. If you must use black ink, try it on a gray or ivory, good quality paper.

If you can afford to spend slightly more, think about using two colors of ink. A deep burgundy and blue ink on gray paper. Black and red ink on white paper, or two shades of brown ink on beige paper can make for a very upscale appearance. However, be careful on mixing ink and paper colors. Black, red, burgundy and blue inks look good on white, ivory, or gray papers. Brown and green inks look best on ivory, beige, or tan papers.

- Paper Choice

The paper you choose for promotional materials has a great deal of importance on the final outcome of your marketing and advertising campaign. After design choice, the choice of paper is the next most important decision you will make. In most instances, your envelope is the first thing people will see with your company name on it; the letterhead is second.

The difference in cost between an average letterhead stock and a very expensive letterhead stock is approximately one cent per sheet. That is only $10 per thousand sheets and yet, it can make a big difference in dollars for your business. Weigh whether or not that nominal cost can be helpful to your business. But, in any instance, make sure you use at least a 25% rag bond, or a good fancy finish text sheet and that your second sheets and envelopes match the letterhead itself. Copy paper for letterhead or second sheets will not do. It will send a terribly negative message about your business.

- Type Style(s)

Choose a logotype that suits your company name and the image you want to project. All other type styles that you mix with your logotype must be compatible.

- Layout

The way you arrange key pieces of information such as your company's name, address, phone number, and FAX number, on your letterhead, will say something about your business. Whatever layout you choose, be prepared to live with it for a very long time. A company image takes time to create and even more time to change.

Use the basic elements of your chosen layout in every piece of printed material you produce.

- Logo

If you have a company logo, it should be a part of every promotional piece you develop.

Creating direct mail advertisements requires a little more "crafting" to ensure that the ad will get read, rather than immediately dumped in "file 13." Here are a few main points to keep in mind if you choose this form of advertising:

1) **Focus on your main point.** Zero in on what you want the piece to achievement. Tell the person what you want him or her to do.

2) **Write the piece from the reader's point of view.** Answer the question: "What's in it for me?"

3) **Stress benefits.** Point out how your product or service will make the reader's life easier.

4) **Make the piece eye-catching and easy to read.** Get to the point fast and be as brief as possible. People are busy and don't want their time to be wasted.

5) **Create an attention-grabbing beginning.** You have three seconds to get the reader's attention. Don't waste it!

6) **Create the right image.** The quality of paper, the color of ink, and the type style will say as much about your piece as its copy. Make sure they are coordinated to send the image you want to project.

7) **Make your pieces short.** Few people will bother to read more than one page.

8) **Use a picture of graphic of the product.** Illustrations help to sell the product.

9) **Spell out the terms of the offer.** Tell the client how much it will cost, over what period of time, etc. Let them know if credit is available, whether you take checks; everyhing needed for them to make an informed decision. Be sure to tell them if there is a deadline.

10) **Personalize each piece.** People are more impressed by a personalized piece.

11) **Use a post script.** Many reader's will read the first paragraph then skip to the P.S. Therefore, both should contain the overall gist of the offer.

12) **Follow-up**. Follow each direct mail piece with a letter, another piece, or a phone call. Potential clients must become familiar with your business.

Before placing an ad, consider these points:

1) **When will the customers begin buying?** Not all products or services are purchased continually; some are seasonal in nature. If limitations of any kind apply to what you are selling, consider this point before placing any advertisements. What good will it do to advertise Christmas trees in July?

2) **When will sales of the product peak and taper off?** Some products or services sell better at certain times than others. You might not NEED to advertise when sales are strong, but you do when the customer tends to forget you are there.

3) **Select the right things to advertise.** For example:

- Select items that are in demand right now (or create the demand)
- Select items which are stocked in depth.
- Select items that are worthy of advertising.
- Select items that are typical of the store.
- Select items that are the best values.
- Coordinate the price lines.
- Don't go overboard on clearance items.
- Keep with the store image.
- Follow the basic essentials of good layout and ad copy.

To finalize thoughts about advertising, let's go back to a statement made earlier in this handbook: "Your are your company's most valuable marketing tool." You are also your company's most valuable advertisement. In a lot of rural areas - - and Enid, Oklahoma is no exception - - word-of-mouth advertising is the strongest form of advertisement there is. You, your customers, and your employees have that powerful tool at your fingertips each and every day. Use it! Here are some pointers for "networking" through word-of-mouth advertising:

1) ***Join key civic or trade organizations that have members with whom you can do business.*** Organizations (like Chambers of Commerce) are great places to meet people with whom you can do business. Get your name and your company name out there.

2) Become an active member of any group you join. Don't join a group to get your name on the roster. Network people by attending meetings and functions and talking with them. Better yet, actively participate in the group's activities, serve on committees - - take a leadership role. It's the best way to get your name known.

3) Make a point of meeting new people. Don't confine your networking to just the people who are in the organization or group you have joined. By participating in their activities and functions, you will broaden your network circle considerably. Make a point of talking with those people as well.

4) Refer businesses to those you meet. Don't just think of yourself and your business. Make a mental note when you meet other business people and, whenever possible, refer your business - - and any other business you might run across that fits their category - - to them. They will remember your kindness and follow suit.

5) Carry your business cards with you at all times. Since you never know when you will run across someone that might be a prospective client, carry your business cards with you at all times. Be prepared!

6) Make sure you get a business card from every contact your make. Since it is difficult to remember everyone you meet, ask them for their business card. Jot a few notes on the back to jog your memory about who they are, what they do, etc. Compose a file of all the business cards you pick up and use that file for referral businesses whenever possible.

7) Have a pen or pencil and paper handly at all times. Again, you never know when you might want to make a few notes, or jot down some information for a potential client, so be prepared.

8) Wear a name tage with both your name and your company's name. Most people hate wearing them, but name tags are a good way for people to notice your name and your company's name. Remember some people are auditory by nature (i.e., they'll remember by hearing), but others are visual by nature (i.e., they'll remember by "seeing").

9) Follow-up appropriate contacts with a phone call and put them on a mailing list. It is smart business, to follow up contacts that could turn into future clients. Call them and let them know you enjoyed meeting them and hope to do business with them. Whether they do business with you right away or not, they are still "potential" customers.

While we have not addressed other marketing tools (e.g., public relations, publicity, etc.) formally in this particular handbook, they are additional tools at your disposal in successfully marketing your business and they are more adequately addressed in SBDC/SCORE's "ABC's Of Marketing & Advertising," workshop and handbook. If you are interested in them - - or more indepth information on marketing and advertising - - contact the OSBDC/SCORE office.

Section 5

Appendix

Other Assistance Programs
Glossary of Business Terms

OTHER ASSISTANCE PROGRAMS

For general business information:

Small Business Administration (District Office)
210 Park Avenue, Suite 1300
Oklahoma City, OK 73102
(405) 231-5521

Small Business Development Center
(Enid Satellite, NWOSU)
100 S. University Avenue
Enid, OK 73701
(405) 242-7989

Service Corps of Retired Executives (SCORE)
100 S. University Avenue
Enid, OK 73701
(405) 242-7989

Teamwork Oklahoma
P.O. Box 26980
Oklahoma City, OK 73126-0980
1-800-522-6154

Oklahoma Department of Commerce
P.O. Box 26980
Oklahoma City, OK 73126-0980
(405) 843-9770

Oklahoma Home Based Business Association
P.O. Box 1335
Durant, OK 74702
1-800-658-2823

Better Business Bureau
17 S. Dewey
Oklahoma City, OK 73102
(405) 239-5954

National Federation of Independent Business
53 Century Boulevard
Nashville, TN 37214
1-800-634-2669

U.S. Chamber of Commerce
Southwestern Regional Office
4835 LBJ Freeway, Suite 750
Dallas, TX 75234

For incorporation or to reserve a company name:

Secretary of State
101 State Capitol
Oklahoma City, OK 73105
(405) 521-3911

For general employment info:

Oklahoma Employment Security Commission
(for poster information)
200 Will Rogers Building
Oklahoma City, OK 73105
(405) 557-0200 or 1-800-522-8008

Oklahoma Department of Labor
4001 N. Lincoln Boulevard
Oklahoma City, OK 73105-5212
(405) 528-1500

U.S. Department of Labor
Employment Standards Administration
200 Constitution Avenue, NW
Washington, D.C. 20210

Equal Employment Opportunity Commission
(Regional Office)
(405) 231-4911

Equal Opportunity Employment Commission
Pennsylvania Avenue & 6th Street N.W.
Washington, D. C. 20580
(202) 522-8008

Oklahoma Department of Human Services
2400 N. Lincoln Boulevard
Oklahoma City, OK 73125
(405) 521-3646

Oklahoma Human Rights Commission
2101 N. Lincoln Boulevard, Room 480
Oklahoma City, OK 73105
(405) 521-2360

For worker's compensation:

State Insurance Fund
410 N. Walnut
Oklahoma City, OK 73152
(405) 232-7663

Oklahoma Workers' Compensation Court
1915 N. Stiles Avenue
Oklahoma City, OK 73105
(405) 557-7600

For immigration information:

Immigration and Naturalization
Oklahoma Office
(405) 942-8670

U.S. Immigration and Naturalization Service
7101 N. Stemmons Freeway
Dallas, TX 75247
(214) 767-7012

For information on ADA:

Office of Handicapped Concerns
4300 N. Lincoln Boulevard
Oklahoma City, OK 73105
(405) 521-3756

For information on disaster loans:

Small Business Administration
Disaster Office
Dallas, TX
1-800-473-0477

For state tax information:

Oklahoma Tax Commission
2501 Lincoln Boulevard
Oklahoma City, OK 73194-0015
(405) 521-3279

For federal tax information:

Internal Revenue Service
1-800-829-1040 (Questions)
1-800-829-3676 (Forms and Publications)

For information on doing business with the federal government:

U.S. Department of Commerce
Office of Business Liaison
14th Street & Constitution Avenue NW, Rm 5898C
Washington, D.C. 20230

For information on EPA regulations:

U.S. Environmental Protection Agency
Small Business Ombudsman
401 M Street SW
Washington, D.C. 20460
(202) 260-2080

For environmental regulation info:

Oklahoma Department of Environmental Quality
1000 N.E. Tenth Street
Oklahoma City, OK 73117-1212
(405) 271-1400

Oklahoma Water Resources Board
600 N. Harvey Avenue
Oklahoma City, OK 73101-0150
(405) 231-2500

For transportation information:

Oklahoma Department of Transportation
200 NE 21st
Oklahoma City, OK 73105
(405) 521-2579

For occupational safety & health information:

U.S. Department of Labor-OSHA
420 West Main, Suite 300
Oklahoma City, OK 73102
(405) 231-5351

For packaging/labeling information:

U.S. Food and Drug Administration
FDA Center for Food Safety and Applied Nutrition
200 Charles Street, SW
Washington, D.C. 20402

For information on bar coding:

Uniform Product Code Council, Inc.
8163 Old Yankee Road, Suite "J"
Dayton, OH 45459
(513) 435-3870

For information on product safety:

Consumer Product Safety Commission
Publications Request
Washington, D.C. 20207

For information on import/export:

Federal Trade Commission
6th Street & Pennsylvania Avenue, NW
Suite 700
Washington, D.C. 20580
(202) 326-2222

Other contacts:

Oklahoma Conservation Commission
2800 N. Lincoln Blvd., Suite 160
Oklahoma City, OK 73105
(405) 521-2385

Oklahoma Corporation Commission
2101 N. Lincoln Blvd.
Oklahoma City, OK 73105
(405) 521-2211

Oklahoma Capital Investment Board
301 NW 63rd
Oklahoma City, Ok 73116
(405) 848-9456

Oklahoma Department of Health
1000 N.E. 10th Street
Oklahoma City, OK 73152
(405) 271-5600

Oklahoma Industrial Finance Authority
301 NW 63rd
Oklahoma City, OK 73116
(405) 842-1145

Interstate Commerce Commission
12th Street & Constitution N.W.
Washington, D.C. 20423
(202) 927-5350

Securities and Exchange Commission
450 Fifth Street N.W.
Washington, D.C. 20549
(202) 272-2000

GLOSSARY OF BUSINESS TERMS

-A-

Account - a written or verbal agreement to purchase and take delivery or a product or service; making payments as arranged (e.g., prepay, check, charge, etc.)

Account Balance - the difference between the payment made and the amount owed on an account.

Accountant - a skilled financial record keeper.

Accounts Payable - money which is owed to an individual or business for goods or services which have been received but not yet paid for.

Accounts Receivable - money owed to an individual or business for goods or services which have been received but not yet paid for.

Advertising (Ad) - methodology buy which goods or services are brought to the public's notice for the purpose of inducing them to purchase.

Articles of Incorporation - a legal document filed with the state which sets forth the purposes and regulations for a corporation.

Assets - anything of worth that is owned and can be converted to cash.

Audit - an examination of accounting documents for the purpose of reaching an informed opinion concerning their appropriateness.

-B-

Bad Debts - money owed that cannot be collected.

Balance - the amount of money remaining in an account.

Balance Sheet - An itemized statement which lists the total assets and liabilities of a given business at a given moment in time.

Bank Statement - a monthly statement of account which a bank renders to each of its depositors.

Bar code - electronic code that marks products with data.

Benefits - set of "value add-ons" to supplement wages and/or salaries.

Bill of Sale - a formal legal document which conveys title or right or interest in specific property form the seller to the buyer.

Bond - an insurance contract against financial loss caused by the act or default of a business.

Board of Directors - those individuals elected by the stockholders of a corporation to manage the business.

Bookkeeping - the process of recording business transactions into the accounting records.

Brand - a design, mark, symbol, or other device which distinguishes one line of products or type of goods from that of the competitor.

Break-Even - the point of business activity when total revenue equals total expense.

Budget - an estimate of the income and expenses for a future period of time.

Business - type of work or commerce.

Business Goals - objective to be reached for.

Business Interruption Insurance - a type of insurance that protects business against losses arising out of legal liability for death, injury, or damage to the person or property of others caused by negligence.

Business Plan - a blueprint of how a business will be operated.

Business Purpose - the intent or objective of the business.

Bylaws - a set of rules that govern an organization's internal affairs.

-C-

Capital - money available to invest.

Capital Equipment - equipment which is used to manufacture a product, provide a service, or sell, store, and delivery merchandise.

Cash - money in hand or readily available.

Cash Flow - the actual movement of cash within a business.

Cash Receipts - money received from customers.

Chamber of Commerce - an organization of business people designed to advance the interests of its members at the local, state, and/or federal levels.

Chief Executive Officer - generally the board chairman or president of a corporation.

Chief Financial Officer - individual, within an organization, in charge of a business's financial future.

Collateral - something of value given or held as a pledge against a debt or obligation.

Commission - a percentage of the income which an agent receives as compensation for services.

Competition - rival business.

Contract - a legal agreement between two or more parties.

Copyright - exclusive rights.

Corporation - an organization formed for the purposes of business enterprise; treated as a separate legal entity.

Co-signer - joint signer of a loan agreement who pledges to meet established obligations in the event of a loan default.

Cost of Goods Sold - the direct cost to the business owner of those items which will be sold to customers.

Credit - a debt allowing customers to make a purchase with the promise to pay later.

Credit Line - the maximum amount of credit or money extended to a customer.

Customer - person who purchases a product or service.

-D-

DBA (Doing Business As) - announcement of a business's intent to do business under a certain name.

Debt - money which is owed.

Default - failure to pay a debt or meet an obligation.

Deficit - excess liabilities over assets resulting in a negative net worth.

Depreciation - a decrease in value of capital items, through age, wear and tear, and deterioration.

Desktop Publishing - computer generated materials (e.g., newsletters, brochures, pamphlets, etc.)

Direct Mail - marketing goods and services directly to the consumer through the mail.

Disability Insurance - type of insurance that pays employees for time lost because of work-related injuries or sickness.

Discount - a deduction from the stated price of a product or service.

Distributor - middleman, wholesaler, agent, or company distributing goods to dealers or companies.

-E-

Employee - individual who works for a business.

Employer - one who employees.

Entrepreneur - an innovator of business enterprise.

Equipment - property used in carrying on operations (other than land, buildings, or improvements).

Equity - a financial investment in a business.

Existing Business - a business that has already been established and is currently operating.

-F-

Facsimile (Fax) - an electronically transmitted message.

Fictitious Name - see "DBA."

Fidelity Bonds - a type of insurance that protects against loss due to the dishonesty of employees.

Financial Statements - documents that show the financial situation os an individual or a business.

Fixed Assets - those assets which don't vary from one period to the next.

Fixed Expenses - those costs which don't vary from one period to the next.

Franchise - business which has a continuing relationship with a parent company.

-G-

Guarantee - a pledge by a third party to repay a loan in the event that the borrower cannot.

-H-

Hazardous Waste - dangerous refuse left from the operation of business.

Home-Based Business - a business that is run out of a private residence.

Human Resources - employees of an organization (see personnel).

-I-

Image Package - set of business materials used to promote the image of the company.

Incorporation - the method by which a corporation is formed.

Income Statement - a financial document showing how much money came in as revenue and how much money went out as expense.

Industry - type of manufacture of commerce.

Interest - the cost of borrowing money.

Inventory - a list of assets being held.

Invest - to lay out money for any purpose from which a profit is expected.

-J-

Job - occupation.

-L-

Lease - A long-term rental agreement.

Liability Insurance - risk protection for actions for which a business is liable.

License - formal permission to accomplish something.

Limited Liability Company - a legal business entity combining the investor friendly aspects of a partnership an a corporation.

Limited Liability Partnership - a new legal form of business without a formalized definition in place at this time.

Limited Partnership - a legal partnership where some owners are allowed to assume responsibility only up to the amount invested.

Liquidate - To convert property to cash.

Loan - money lent with interest.

Loan Agreement - a document which states what a business can and cannot do while it owes money to the lender.

Long-Term Liabilities - the liabilities (expenses) which will not mature within the next year.

-M-

Management - the art of conducting and supervising a business.

Market Niche - a well-defined group of customers for whom a particular product or service is particularly suitable.

Marketing - the activities involved in the buying and selling of a product or service.

Merchandise - goods bought and sold in a business.

-N-

Net - what is left after deducting all expenses from the gross.

Net Worth - the total value of a business in financial terms.

Note - a document that is recognized as legal evidence of debt.

-O-

Operating Costs - expenses arising out of current business activity.

Overhead - cost of materials and services not directly adding to or identifiable with the product or service being sold.

-P-

Partnership - a legal business relationship of two or more individuals who share responsibilities, resources, profits, and losses.

Partnership Agreement - a legal agreement that spells out the arrangements between partners; who will do what; how money is put into and taken out of the partnership.

Patent - certificate of exclusive rights to an invention or innovation.

Payroll - record of financial remunerations of employees.

Permit - formal permission to accomplish something.

Personnel - employees of an organization.

Petty Cash - cash expenditures which are too small to justify writing a business check; but are tax deductible.

Prepaid Expenses - expenses that are paid in advance for items not yet received.

President - chief officer of a corporation.

Price - amount for which something is sold.

Principal - the amount of money borrowed in a debt agreement.

Profit - the difference between what is earned and what is owed.

Product - something produced.

Profit & Loss Statement - a list of the total amount of revenue and expenditures.

Profit Margin - the difference between a selling price and cost.

Property Insurance - type of insurance that protects property against loss caused by the actual destruction of a part or all of the property by fire, windstorm, explosion, falling aircraft, riot and other perils.

Psychographics - the study of psychological factors which affect the purchasing patterns of consumers.

-R-

Receivable - ready for payment.

Resume - Retail - selling directly to the consumer.

Retirement - withdrawing from working life.

Revenue - total sales during a stated period.

-S-

Salary - regular set payment for an employee.

Sales Representative - an independent salesperson who directs efforts to selling products or services to others but is not an employee of the company he or she represents.

Secretary - assistant to a business official.

Security - collateral which is promised to a lender as protection in case the borrower defaults on a loan.

Service - activity on behalf of a person, organization, or cause.

Service Business - a retail business which deals in activities for the benefit of others.

Share - one of the equal parts into which the ownership of a corporation is divided.

Short-Term Notes - loans that come due in one year or less.

Sole Proprietorship - business legal structure in which one individual (or a husband/wife team) owns the business.

Startup Expenses - those expenses it takes to get ready to open doors for a business.

Stock - an ownership share in a corporation.

-T-

Target Market - individuals who are potential customers for the goods and services of a business.

Terms of Sale - the conditions concerning payment for a purchase.

Telemarketing - marketing goods or services directly to the consumer via the telephone.

Trade Credit - permission to buy from suppliers an open account.

Trademark - a symbol representing a specific business or product.

Training - job related education.

Treasurer - handler of funds.

-V-

Venture Capital - money invested in enterprises that do not have access to traditional sources of capital.

Vice President - second chief officer of a corporation.

Volume - Money invested in enterprises that do not have access to traditional sources of capital.

-W-

Wage - pay given to an employee for services performed.

Wholesale - selling for resell.

Worker's Compensation - insurance that protects employees in the event of job-related accidents.

Working Capital - the excess of current assets over current liabilities.

-Z-

Zone - an area designated by city in which businesses can or cannot operate.

a product of the

Oklahoma Small Business Development Center

OSBDC

and the

Service Corps Of Retired Executives

SCORE

in a partnership program with the

U. S. Small Business Administration

SBA
U.S. Small Business Administration

This material is based upon work supported by the U.S. Small Business Administration under Cooperative Agreement Number 0-7620-0038-16. Any opinions, findings, conclusions, or recommendations expressed in this publication are those of the author(s) and do not necessarily reflect the views of the U.S. Small Business Administration.