

SUCCESS TIPS

From Small Business Owners



From the book...

How to
GROW Your
BUSINESS
Without Driving
Yourself Crazy

by Mike Van Horn, MBA

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FOR ANY BUSINESS OWNER – FROM 1 TO 100 EMPLOYEES

The bigger a small business grows, the more difficult it can be to grow yet larger.

Everyone thinks their own business is unique. However, I have worked with way over a thousand small business owners, and I assure you, the problems are very similar. Once I give the same piece of advice a thousand times, I put it in this little book.

If you just read these pieces, they are platitudes. If you ignore these issues, they become roadblocks. If you heed them, they are a roadmap to business success.

But this isn't rocket science. You won't find the latest management theories and buzzwords here.

Just two things:

- Common sense tips that suggest practical things you can do, or that remind you of what you already know but neglect.
- Questions to stimulate your thinking. Answering these questions for yourself is almost always better than an expert's opinion.

These tips are very condensed. If you want to follow up and get more, find out how at the end of the book.

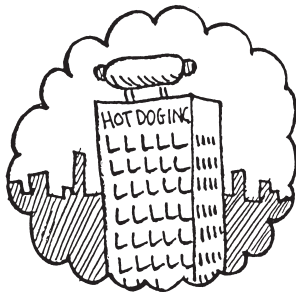
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VISION

Why are you in business?

You go into business so
you can do what you
want to do.



What do you want
to do?

Are you doing it?

If you won the
big lottery,
what would
you then do?



Naelle

-
- Where are you going with your business?
-
- Do you want to grow? Why? How big?
By when?
-
- Are you more interested in profitability than growth? How much? How soon?
-
- Or are you most interested in not having to work so hard? Less stress, greater ease.
What would this look like for you?
-

Growth. Profitability. Ease.
You can have them all.

-
- Why grow or change? Ask yourself, what happens if you just continue operating at your current level?
-

SUCCESS

What is success for you?

What is your vision of business success?
Paint a paragraph picture in broad strokes.
"I know I am successful when _____."



-
- What do you want to accomplish in business that justifies the effort you put into it?
-

Lack of clarity on this question is one of the greatest causes of unsatisfying business performance.

Anchor yourself in
your vision of success
to give you the energy
to overcome your barriers.

DO WHAT YOU LOVE



SWEET SPOT OF BUSINESS SUCCESS

Find the sweet spot of business satisfaction
– where these three circles overlap:

What you love to do.

What you do very well.

What people will pay for.

-
- How well does your business support your life goals?
-

-
- How can your business be restructured to be a better vehicle for the flowering of your personal strengths and desires?
-

PLANNING

Why bother planning?

Some businesses act like they are at the mercy of unpredictable, uncontrollable forces.

Some businesses try to predict, plan for and influence outside forces.

The latter prevail.



Plan for what you can.

Then plan how you will cope with the things you can't plan for.

There are
two kinds
of business plans

1-2

1. **SLICK PLANS** to impress bankers and financiers, which then sit on the shelf gathering dust.
2. **PRACTICAL ACTION PLANS** that guide your decisions throughout the year, and get marked up and revised constantly.

Which kind do you have?

"I've got my plan in my head," you say. That way you never have to be held accountable for whether you achieve it or not.

-
- When you set business goals for the coming year, what are they based on?
-

Could be three things:

1. Making steady progress towards your dreams and aspirations
2. Providing for your personal needs
3. Staying in line with your recent business performance

Set goals based on each. If the three diverge widely, then your strategic business plan should focus on how to get these three into alignment.



When you know
what your goals are,
make sure each day's actions
contribute to them.



Structure your business as if you plan to
sell it some day.

Even if you never expect to sell it, this
approach can make your business more
profitable and easier to run.

-
- What would a prospective buyer pay for in your business? How can you build up this part of your business?
-

BALANCE



Balance your business and personal life;
don't run yourself into the ground.

Take time off.

Take vacations.

Take care of yourself.

*Block out personal activities
on your calendar and guard them jealously,
as if you are your most important client.*

Pay yourself
a regular "salary"
even if you have a
sole proprietorship.

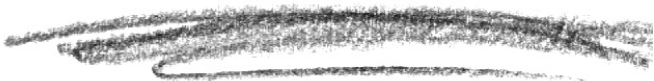
A Zen master says,
"Every day I meditate an hour,
no matter how busy I am.
Except on those days when the crush of work
is overwhelming.
Then I meditate two hours."

Suppose you were an employee of your company, rather than the boss. What would you go to the boss to complain about?

"I'm not paid enough. I work too many hours. I'm tired of working evenings and weekends. I never get a raise. I don't get enough help. I don't have the right tools."

What else?

How will you as boss
take better care of you,
the prize employee?



TIME USE



Where can you get the highest return on an hour of your time?

How can you leverage your time by turning the service you provide into a product?

Time management often focuses on *saving* time.

You should focus on *investing* your time.

Focus on the things you personally must do to make your business thrive, then delegate or dump other activities.

Time triage.

Where can you recapture a small amount of time, to give you the space to focus on longer-term improvements in your time use?

SCHEDULING

✓ Under-promise and over-deliver.

-
- Are your schedules always busted by unscheduled work, urgent requests, unanticipated problems?
-

Then schedule only three-quarters of your time, leaving one-quarter for unanticipated, right-now demands.

SELL VALUE, NOT TIME

Break the link between hours worked and revenue earned. Sell value, not time.

When you sell value, you focus your clients on what they want most: results, more sales, higher profit, increased exposure and recognition, reduced costs, greater ease.

When you sell your time, you focus your clients on what they dislike: spending money, monitoring your performance, worrying about getting cheated.

To sell value, you force yourself to ask:

- What value do you truly bring your clients – in concrete dollar terms?
- How can you provide even greater value?
- How can you communicate this value to them?

Selling value has immediate benefits to you. You have more fun. You focus on clients who clearly want what you sell, so you don't have to convince, wheedle or justify. You can raise prices and make more money.

BE THE PRESIDENT



-
- How can you become a better CEO of your own company?
-

If you spend all your time being the worker, you can't be a good manager.

If you spend all your time managing, you can't be a good executive.

You can't climb to the next step until you have good people to climb onto the step beneath you.

PROBLEM-SOLVING

The solution to any business problem has these five dimensions:

1. Getting needed help and support
2. Upgrading systems and procedures
3. Making changes in your workplace, equipment and materials
4. Improving skills and capabilities
5. Working on your management style and habits, your beliefs and attitudes.

WORK ON YOURSELF

- Ask yourself, how are your management style and habits, your attitudes and beliefs, part of the problem?
-

- How are you the bottleneck in your own business?
-

Fill in the blanks: "The real reason I don't _____ (market, make calls, do financials, delegate) is because I am _____ (shy, intimidated, bored, afraid that _____).

Complete this sentence: "The one thing I act like I have under control but really do not is _____."

YOUR EMPLOYEES



Hire smart so you don't have to manage tough.

What is the highest skilled person you could bring in to free you up to focus on tasks needed to grow your business?



Nauelle

If your time is worth \$100 per hour, and you handle your own office tasks, then you are paying your administrative assistant \$100 an hour for a job that is worth \$15.

-
- Do your employees work for you, or do you work for your employees?
-

TEAM BUILDING

People who head rapidly growing companies are extraordinary team builders.

-
- How can you build the team needed to power your desired growth?
-

-
- Do you dare to hire people who are better than you?
-

SHOULD YOU HIRE?

-
- How much should you pay for good help?
-

First ask yourself: What is the cost of mediocre help, or no help? What is the cost of replacing someone?

Write a job description for the employee from hell. Then think of all the opposites, and you have described the person you seek.

BOOST PRODUCTIVITY

Capture all the special things that only you know, and all the routines you hold on to. Put them into manuals and checklists, so that other people can do them, and free you up for new challenges.

Some bosses hold on to routine tasks to avoid tackling the challenging tasks of growth.

-
- How can you help your people do a better job for you? Ask them.
-

-
- Thinking about what incentives would increase the productivity of your staff?
-

First, remove the disincentives.

Give your employees
everything they need
to do the best job for you.

What changes in your workplace, equipment,
and materials will improve productivity and
effectiveness, and reduce stress and errors?

MARKETING AND SELLING



Sell value, not time; benefits and solutions, not features and processes.

To do this, you must understand the value you bring to your customers.

To find this out, call them and ask: "Why do you do business with me rather than with someone else?"

The best marketing:
keep your customers happy.
They will come back
and will introduce
other good people to you.

Customers who complain are invaluable.
They give you a roadmap on how to improve.

Marketing triage

Where can you make lucrative sales
right away,
so that you can then focus
on longer-term
strategic marketing development?



BOULDERS, ROCKS, AND PEBBLES

Boulders are very large customers,
lucrative but dominant.

If you lose one, you can go under.

Pebbles are tiny customers; the cost of
making the sale can exceed the entire profit.

Rocks are solid mid-size customers,
profitable, and no single one dominates your
business.

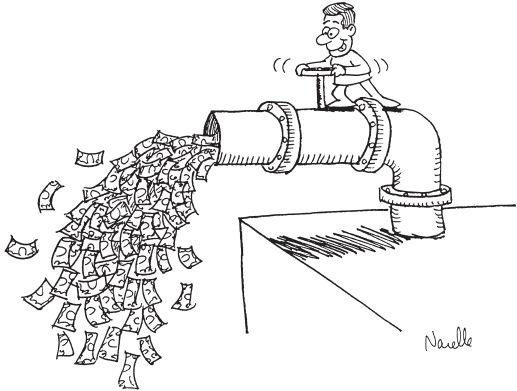
-
- A mix of pebbles, rocks, and boulders
fills in most of the space. What is the best
mix for you?
-

FIRING A CUSTOMER

Seems crazy to fire a customer, but perhaps you should if . . .

- Their jobs are too small, so that the cost of serving them takes most of the potential profit.
 - You must put in time for which you cannot charge.
 - They buy something that you no longer want to sell.
 - They are more trouble than they are worth. They are never satisfied, or are slow to pay.
-
- But ask, how can you turn an undesirable customer into a good one?
-

CASH FLOW



Spend no overhead before its time.

However...

You must spend money to make money.

How do you reconcile these two?

What guidelines do you use to decide when you should increase overhead spending because it is a worthwhile investment?

Borrow money when you don't need it; you'll never get a loan if you wait till you desperately need it.

Money triage. What is your shortest route to cash flow, so that you can then focus on longer-term profitability improvements?

-
- How could your operation be restructured so that the money just pours in?
-

PRICING

Many small businesses under-price.
They say, "I'll give more value for less
money than my larger competitors."
This is the route to bankruptcy.

Charge what you are worth on the market.
If you give more to your customers,
charge more.

Advice to under-pricers:
never subsidize customers who are
wealthier than you are.



Raise your prices
and get more work?

Sounds paradoxical,
but it is often true.

If you price too low,
many prospective customers will question
your quality and experience.

PROFITABILITY

Know the profitability of each part of your business.

Insist that each activity and product line be profitable.

Pay yourself what you are worth.
How much is that?

You cannot know how profitable your work is unless you know the value of your time and how much of it you spend on jobs.

BREAK-EVEN VS. BREAK-OUT

Break-even revenue = surviving.

Break-out revenue = thriving.

Shift from break-even to break-out mentality.

Shift your focus from growing revenue to growing profits.

WANT MORE?

- ___ Buy the book from which these were taken, *How to Grow Your Business Without Driving Yourself Crazy*.
- ___ Check out our practical workbooks and e-books to get help on any aspect of running and growing your business.
- ___ Take our annual planning workshop, to complete a brief, practical plan of action for the coming year. We offer both face-to-face and tel-online sessions. Check website for schedule.
- ___ Join one of our Business Owners' Groups.



**Get more information
on all of the above on our website,**

www.businessownerstoolbox.com

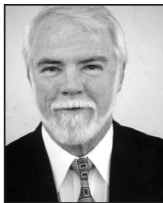
Click "Self-Help Tools/Books" or "Workshops" or
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1-800-367-9848

MIKE VAN HORN

I love my work! My company, The Business Group, has led ongoing problem-solving groups for business owners since 1984. I have an MBA from UCLA and I've advised small business owners for over twenty years. I have written over a dozen business books, and I have spoken to organizations as diverse as Citibank and the Idaho Association of Mortgage Brokers. I'd be glad to come talk to your group.



But I don't work all the time. My wife (of a quarter century) and I love to hike and sail and ski, and we live in a great place to enjoy it all. My family contributes to my business. Wife B.J. is the resident Human Resources genius and daughter Rebecca is office manager. Life is good - and not all work!

I would love to hear from you. What are your tips for business success?

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