

**What It
Takes To Be A**

BUSINESS STRATEGY SKILLS TRACK

5-Star Business!



Presented
by
Tom Shay

PROFITS PLUS
\$OLUTION\$
FOR SMALL BUSINESS

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What It Takes To Be A 5-Star Business

1. The image of our business is clear to our customers

Suggested reading: **Why We Buy** by Paco Underhill

Retail Superstars by George Whalin

Signs of a 5-star business:



How do you rate your business?

List the steps you plan to take to become a 5-star business, and give a deadline for completion:

A.

B.

C.

2. Our business has identified the best customers

Suggested reading: **Marketing Warfare** by Reis and Trout

Predatory Marketing by C. Britt Beemer

Signs of a 5-star business:



How do you rate your business?

List the steps you plan to take to become a 5-star business, and give a deadline for completion:

A.

B.

C.

3. Technology is our friend

Suggested reading: **Small Data** by Martin Lindstrom

Platform Revolutions by Parker, Van Alstyne, Choudary

Signs of a 5-star business:



How do you rate your business?

List the steps you plan to take to become a 5-star business and give a deadline for completion:

A.

B.

C.

4. Financials are a tool we use

Suggested reading: **Managing by the numbers** by William J. Rothwell

Simple Numbers, Straight Talk, Big Profits by Greg Crabtree

Signs of a 5-star business:



How do you rate your business?

List the steps you plan to take to become a 5-star business and give a deadline for completion:

A.

B.

C.

5. Advertising is not promoting

Suggested reading: ***To Catch a Mouse, Make a Noise Like a Cheese*** by Lewis Kornfeld

Why People Buy Things They Don't Need by Pamela N. Danziger

Signs of a 5-star business:



How do you rate your business?

List the steps you plan to take to become a 5-star business and give a deadline for completion:

A.

B.

C.

6. Works to improve the business

Suggested reading: ***Always Think Big*** by Jim McIngvale

The 7 Habits of Highly Effective People by Stephen Covey

Signs of a 5-star business:



How do you rate your business?

List the steps you plan to take to become a 5-star business and give a deadline for completion:

A.

B.

C.

7. My staff is exceptional

Suggested reading: ***The Experience Economy*** by Pine and Gilmore
Raving Fans by Ken Blanchard and Sheldon Bowles

Signs of a 5-star business:



How do you rate your business?

List the steps you plan to take to become a 5-star business and give a deadline for completion:

A.

B.

C.

8. Works to improve self

Suggested reading: **The Process of Excelling** by Roger E. Herman;
The E-Myth by Michael E. Gerber

Signs of a 5-star business:



List the steps you plan to take to become a 5-star business and give a deadline for completion:

A.

B.

C.

9. Having a personality that fits

Suggested reading: **The Fred Factor** by Mark Sanborn
Tribes by Seth Godin

Signs of a 5-star business:



How do you rate your business?

List the steps you plan to take to become a 5-star business and give a deadline for completion:

A.

B.

C.

10. Pace yourself

Suggested reading: ***Who Moved My Cheese?*** by Spenser Johnson; ***Flight of the Buffalo*** by James A Belasco and Ralph C Stayer

Signs of a 5-star business:



How do you rate your business?

List the steps you plan to take to become a 5-star business and give a deadline for completion:

A.

B.

C.

The 5-star Review:

How will you prioritize the 10 areas of becoming a 5-star business?

Priority #1:

Priority #2:

Priority #3:



Fixing flat tires

By Tom Shay

SOUND ADVICE FOR BUSINESS

Is your business equipped for the ride ahead? Using a piece of paper, draw a rectangle with a small dot at each of the four corners. Then draw five spokes, each beginning at the center of the dot, equally spaced. What we have created is an imaginary car with wheels but not having drawn the tire around the spokes.

To this imaginary car—this represents your business as a whole—assign each wheel these business divisions:

- Your salespeople and their abilities
- Your management skills
- Your customer service
- Your finances

Allow me to explain how you will assess each tire using the spokes. Each division (tire) is divided into five sections (spokes), and you will rate each of those divisions on a scale of 1 to 10. The end of the spoke near the hub represents 1, a poor rating. And the outer end of the spoke represents a 10, an excellent rating. We will name each of the spokes and grade them accordingly.

You will mark the spokes at the appropriate level on the 1-to-10 scale. From the five marks you will now be able to create a circle (the tire). If you were to achieve a 10 in all five categories, the tire would be round and as large as possible. But if there were one or more areas that earned less, there will be a flat tire. If you scored a six on each of the five spokes, you would have a much smaller tire. Either way, your "car" will not run as smoothly or as fast.

For each tire, rate the five items.

Tire #1: Salespeople

- Ability to create and respond to goals
- Ability to communicate with other employees
- Product knowledge
- Dependability
- Ability to accept and work with change

Tire #2: Your managing skills

- Turnover of employees
- Training of employees
- The appearance of the displays within your business
- Employee participation in management
- Your product mix

Tire #3: Customer service

- In the last year, have you had more or fewer complaints from your customers?
- What do your employees say to your customers? If they are greeting the customer with the same, "Can I help you?" as many of your competitors do, then your business deserves a low mark in this category.
- How many customers do you or your employees know by name? If it is a good percentage of your customers, you get a high mark for this.
- Are a lot of your customers repeat customers? Then your fourth spoke should be a high number.
- How many customers come to you by referral? If this happens frequently, you have satisfied customers and deserve a high mark.



Fixing flat tires

(continued) By Tom Shay

SOUND ADVICE FOR BUSINESS

Tire #4: Financial tire

- Ability to read and understand all of the information on your financial statement. The more you understand, the higher the mark you deserve.
- How much time does it take you to get your monthly financials? How quickly are they created? Do you have your January financials by February 5? Or are you getting to see them sometime in late March? Grade yourself accordingly.
- Do you have a cashflow chart, and is it upgraded monthly? A cashflow chart will tell you how much inventory and how much cash is on hand for each of the 12 months in the coming year. If you have a cashflow chart, you deserve a high mark on your third spoke.
- Do your employees understand business management? Too often employees believe that every business doubles the cost of an item to determine the price of the product, and is then netting between 10 and 30 percent. Experience has shown that employees are more likely to be team players when they are aware of how a business actually operates. Mark yourself accordingly on the fourth spoke.
- What is your overall financial stability? Select whichever financial ratios you want, but in looking at five or more of the ratios, does your business earn a financially stable grade?

Now we have given your business a fairly thorough review. Does your "car" have a flat tire? In examining each of the tires, if you rated a five in every category, you do not have four flat tires, but four small tires. And a car/business with four small tires cannot move as fast as a car/business with four large tires.

As you examine the four tires, you will easily see where you have deficiencies. Devoting your time, resources and efforts to these areas will allow you to have your car in top shape and ready to go.

We have completed comparing your business to a car in which one of the wheels was your staff. Let's take the exercise one step further by turning that one wheel into a car of its own and seeing how it "runs."

Begin by creating a new rectangle and the five spokes at each of the four corners.

Why would you want to give your employees a more intense review? On a typical financial statement, after the cost of inventory, your employees are the most expensive line item you have. This will not be the first article you have read that tells you your employees can make a difference in the success of your business. Even a company that does all of its business through the mail and Internet can easily lose business if the employees are not taking care of the customers' wants and needs.

One other interesting point about employees and their cost: when you lose an employee, for whatever reason, it will cost you between 40 and 60 percent of the annual wages to hire, educate and develop a new employee.



Fixing flat tires

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SOUND ADVICE FOR BUSINESS

Let's get started with our examination of your employee car.

Tire #1: Product knowledge

- Do your employees read more than two trade publications to keep abreast of industry trends?
- Have your employees personally used the products and services you sell?
- Can your employees distinguish for a customer the actual cost of a product or service? A product that has a low price but lasts a short time is much more expensive than a quality product that will last the customer a long time.
- Are your employees providing input with regard to the products and services you offer? After all, they are your front-line contact with your customers and will be the first to know what your customers are asking for that you do not stock.
- How well do your employees know what your competition sells; i.e., brand name, quality and price?

Tire #2: Customer service

Do your employees:

- Call your customers by name?
- Resolve customers' problems or complaints?
- Create an add-on sale?
- Have a creative solution to customers' needs?
- Follow up with customers to see if your products or services met their needs?

Tire #3: Management potential

- Your employees' ability to understand the cost of doing business
- Employees showing the desire to learn more about your business
- Bringing you suggested solutions rather than just telling you about the problem
- Their actions demonstrate they can lead by example
- Your confidence in their efforts justify their salary

Tire #4: Team spirit

Do your employees:

- Share their knowledge with other employees?
- Help other employees with their tasks?
- Have the ability to be mentors to other employees?
- Have the ability to work without continual supervision or instruction?
- Show dependability?

Again, with the marks on each of the spokes of the four wheels, you will be able to determine if any of your tires is partially flat or smaller than it should be. You will be able to see where you need to concentrate your efforts as you cruise toward increased profitability.

Will Rogers once said, "Even if you are on the right track, you will get run over if you just stand there." Working to make sure your tires are fully inflated will go a long way toward making sure your vehicle is leading the pack.