

Tips from the Top

Business insights from those at the top for those at the top.



THE ALTERNATIVE BOARD

*Change Perspective.
Improve Business.
Enjoy Life.*

Touted as the most valuable and beneficial business advisory organization in the world, The Alternative Board® has been featured in leading business news sources from the Wall Street Journal, Business Week, the Washington Post, CNN and many others.



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Dick Cipoletti
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Use Service Agreements as a Cash Flow Management Tool

Service agreements—often discussed but rarely implemented—can provide an ongoing and value-added relationship with your customer. However, if renewals are scheduled to coincide with normal down cycles (such as the first quarter), these agreements can be a revenue boost to what is usually a soft sales period. When selling new agreements, pro-rate the cost back to the annual renewal quarter or month you desire.

Bill Sanders, Seacom Inc., Richmond, VA

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Eliminate Long-Term Employee Negativity

Many of the companies on our board have been in business for several decades and, as a result, have some long-term employees who have become somewhat passive-aggressive in their behavior towards the necessary changes required by the current economy. Don't underestimate the amount of negative energy that can be created by such employees who may require additional attention by the business owner in order for the company to remain focused on course changes.

Board members who have resolved this problem with employees—either by changing their attitude and increasing their productivity or by ending their employment—speak of feeling “liberated” because they no longer have to deal with the negativity. If your company suffers from this problem, it's worth the effort to follow up.

Nick Schopp, Aegis Professional Services, St. Louis, MO

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Try This New Employee Conversation

When I hire a person for a production job, I have a conversation with them explaining that 30 days from now they will either be receiving a 25 percent pay raise or they will be doing the same thing they are doing now—looking for a job! This usually results in an ongoing conversation initiated by the new employee who wants to know how they are doing. I like this for a couple of reasons. First, it makes the new employee more interested in how they are doing their job and they invariably initiate that inquiry. Second, if they don't work out, then the termination is more like a separation than a firing.

Alvin M. Miller, Davis Mercantile, Shipshewana, IN

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Shopping Around For Salespeople

One good way to find good retail salespeople is to look in an allied field. For example, if you are in the plumbing supply business, go into the kitchen-and-bath stores; if you are a window distributor, go into a siding company. When you do, act like a prospective customer and look for a really good salesperson. When you find one, let them know you own a company and would like to hire them. But before you do, determine what the salespeople in that industry get paid; then make the person you want to hire an offer they can't refuse.

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Events

*Upcoming Meetings,
Online Events &
Workshops*

**TABTalks! Blog Talk Radio
Strategic Business
Leadership**
Mon., January 18, 2010
10:00 a.m.

**eSeminar Series - eSeminar:
Success Factors for Small
Business Owners**
Tues., January 19, 2010
4:00 p.m.

**Members Annual Strategic
Planning Summit:
Charting a Course for
Success in 2010**
Fri., January 22, 2010

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Help Our
Members**



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Consider Equipment Arbitrage

The current recession has enabled us to buy used equipment for our business at drastically reduced prices. We visit auctions in the most depressed parts of the country to buy equipment that have limited hours of use. Then we sell our existing equipment with extensive hours of use at auction sites that have more favorable pricing. By doing this, we have been able to upgrade most all of our equipment with very little outlay of additional capital.

Sam Minick, Minick Materials, Oklahoma City, OK

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Cultivate Long-Term Relationships

You may consider the little jobs you get “money losers”, yet they can provide an opening to an expanded relationship with a client whose needs will grow. View these as a marketing expense, much like networking or long-term advertising or handing out samples. To avoid a “black mark” on your profit column, expense them as marketing costs.

Phil Del Giudice, Aztec Industries Inc., Ronkonkoma, NY

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Plug Sales Leaks

Companies make great efforts to increase sales revenues but often fail to pay adequate attention to “leakage”—or lost business—from existing customers. Most companies would celebrate a 15 percent sales growth even though it could have been 20 percent if established accounts had not declined by five percent. We do celebrate our success but we also run a spreadsheet that tracks sales changes in every individual existing client account year over year.

Mike Merriman, Accent Purchasing Solutions, Fort Collins, CO

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Getting Back the Passion

We’ve all seen it and/or experienced it. The business owner who’s hit a wall, and who, despite the passion and desire he/she felt when they started the company is facing “burnout.” At a recent TABBoard meeting, we discussed the reasons this happens, how to avoid it and how to get out of the burnout slump. One of our members had a great analogy. Any passion you have, just as in a marriage needs to be nurtured and kept fresh.

As you enter into 2010, what are you doing to keep your passions alive? **Visit our blog** for the Top Tips TABBoard 410 came up with, and to share your thoughts on the subject. And, if you’d like to join us for a live(ly) discussion on *Charting Your Success in 2010*, **please register for an upcoming session/seminar!**

Marcy Turkington, Achieve Next Level with The Alternative Board

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Quick Tips

Offer Extended Warranties

Examine your returns under warranty. If the percentage of returns is low and the profit margin is high, consider offering an extended warranty either at a higher price instead of a discount. This is a great tool to generate increased sales because the consumer will be less fearful of buying. In addition, this can actually

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Private Appointment

Want to know what owners of extraordinary businesses know? Request a private appointment to meet with Marcy Turkington, to learn how The Alternative Board may be a resource for your business success in 2010. There's no obligation or cost for the private consulting meeting. Simply click below or call Marcy at 973.940.2020.

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increase revenues and provide a value-added service for very little additional cost.

Jim Goodwin, Boot Hill Used Pickup Parts, Denver, CO

Reverse Referral Fees

When you get a referral from a customer, try this: Instead of giving the current customer a referral fee, give the person referred a 10 percent discount as an incentive to do business with you. Then send your customer a personal "thank you" note—with a gift certificate or gift basket.

James Stine, J & J Glass & Mirror Corp., Naples, FL

Paying Payables

Before you find yourself in a cash crunch, ask your top suppliers how long it takes them to call you for payment. Make a note of this time (31 days or 46 days) and then be certain you send payment just prior to their call. Then, when they do call, you can truthfully say, "The check is in the mail."

James Stephenson, Lykins Signtek, Naples, FL

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ABOUT THE ALTERNATIVE BOARD®

The Alternative Board® is comprised of members who are business owners, CEOs or presidents who run businesses in non-competing fields. During a TAB Board meeting, you receive the benefit of the collective experience of the board members, who offer practical solutions to your problems-not theories.

You can learn more about TAB, which has been helping business owners succeed since 1990, by visiting TheAlternativeBoard.com.

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