

Good Personnel Management Means Better Profits

Most small businesses operate a tight ship. They manage overhead expenses and watch cost of sales to stay on the credit side of the ledger. But when you've reached a point where you cannot see any further ways to reduce costs, there could still be an opportunity to increase your profits through increasing productivity. Probably the most important way managers can increase productivity is in the way they manage their people. There are a number of practical steps you can take that revolve around your people management systems.

- Select the right person for the job
- Give them clear directions and clear systems to direct their work processes
- Manage the differences between your team members to get the best out of each person
- Don't ever think that they will put in the same effort that you, as the owner, will
- Document clear performance indicators so everyone

understands just what's expected of them

Select the right person for the job

Granted it's always tough to really be sure in an interview, it's still the best tool you have. Consider questions such as whether the applicant fits in with your current team; are they the sort of personality you want to work with; do they seem to have a good work ethic; do they have enough experience and if not will they train up easily; do they have a history of useful contribution in their previous workplaces? Also prepare your interview questions carefully - it is quite legal to include technical questions and even practical exercises to assess skill level or capability. Ask questions about what they might do in a situation where a certain kind of problem arises. You'll be able to assess better whether they're a fit for your business. Settling for someone you're not sure about can be costly on your time and money, not to mention on team morale, if they don't work out.



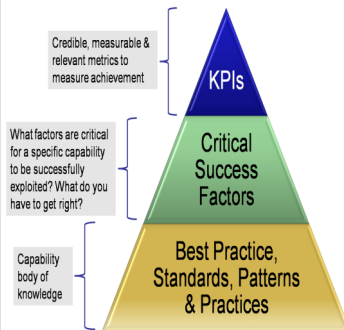
Give them clear directions, and clear systems to work with

Most people will try to achieve what they think is expected of them. The biggest problem is in making sure your instructions and systems are not open to misinterpretation. Take time to fully induct your new team member in the way you expect things to be done. Systemize your processes so they run smoothly and try to get them written down in procedure guides so employees can check on the correct way to do things, without wasting your time, if need be.

Manage the differences between your team members

Try to understand how each person ticks, what makes

Good Personnel Management Means Better Profits—Continued



"The final test of a leader is that he leaves behind him in other men the conviction and the will to carry on."

Walter Lippmann



them feel motivated at work, and then deal with them on that basis. Some people are competitive - they want goals and targets and the autonomy to achieve them; others need plenty of close supervision; others thrive on praise and recognition. There are useful tools around that help you understand personality types and help you adjust your management style to get the best out of each person.

Accept that they won't have your drive

Are You On Top Of Your Competitors?

Here's a list of questions that every business manager should be able to answer with an unqualified 'yes'. They relate largely to the fundamental need of identifying and understanding your competition, and if you find yourself giving a 'no' answer to any of them it means you could be short of valuable information that would provide you with a competitive advantage.

- Do you know who your competitors are? Do you know

Your team members have a life outside work. For a salary, they are prepared to allot you some of their most precious commodity – their time. But your business is not theirs and its success won't have the same impact for them as it does for you. Don't expect them to perform as you do. Don't overburden them or you'll end up with reduced productivity and high turnover.

Document work related key performance indicators (KPIs)

KPIs have been around for a while now. And that's because they've been shown to work. They work because you set clear activities that are needed to achieve measurable targets, and that makes it easy for you and your team to see what's working and what isn't.

As a manager, give people encouragement and praise, provide them with constructive feedback and you'll see productivity and profits increase.

where they are and how big they are? Would you be aware if any new competitors entered your market?

- Do you regularly monitor your competitors' advertising and promotions by looking for their advertisements, visiting their premises and looking at their websites?
- Do you talk to your suppliers about your competitors and gather information

about what they're buying and what quantities they purchase?

- Do you encourage your employees to keep an eye on marketing activity by your competitors and pass any good ideas on to you?
- Do you keep up to date with technological developments in your field and will you know if your competitors adopt new technology into their business?

Are You On Top Of Your Competitors? - Continued

- Do you know the statistics of your marketplace - what your share of the market is and what market share is held by each of your major competitors?
 - Have you conducted a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis on your business? Are you prepared to deal with any competitive threats that might be identified?
 - Do you know what opportunities exist for you to grow your business – either by taking business away from your competitors or by expanding into new market areas?
 - Do you know what is happening in the legislative environment that might affect your operations such as new laws relating to workplace safety or product standards that could pose a threat to you or mean that you will have to change the way you conduct your business?
 - Do you regularly research your products against those of your competitors? Are you able to respond quickly if you find your product offers fewer features and benefits or needs improvement?
- These questions and using them to improve your product but, thankfully, yours aren't the only eyes and ears available to monitor your marketplace. If you work together with your team you'll be in a much better position to answer the questions and to make gains against your competitors. A business that knows and understands its rivals has a much better chance of being able to withstand competitive onslaughts and to formulate strategies that will take business away from others in its industry.
- There may be a lot of work involved in finding the answers to



"About the time we can make the ends meet, somebody moves the ends."

Herbert Hoover

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