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PERSONAL PLANNING

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“All I'm saying is that making room for shelving and POP displays by tearing down columns that support your roof, could lead to some tricky complications?”

Smallbusinessstown.com

DEVELOPING LEADERSHIP & MANAGERIAL SKILLS

TO a large extent the survival and continued success of any business depends upon owners and managers having a combination of leadership savvy, good judgment based on knowledge and information, and a reasonable ability to steer a business in the right direction.

This need becomes considerably more important when a company is on the verge of expanding.

Therefore, before you commit yourself to starting or expanding a business, first commit yourself to learning – and in the very least recognizing – the personal leadership and management skills needed to initiate and sustain profitable company growth.

BECOMING A MORE EFFECTIVE LEADER

WHENEVER a new business is launched, business owners make numerous decisions affecting the lives of employees and customers, and whether they like it or not, become leaders.

Strong leadership is essential to the success of any business. As a business owner, you must therefore nurture and develop qualities of courageousness, decisiveness, trustworthiness and self-confidence. You must also strive to:

Choose competent subordinates. Effective leaders are not threatened by capable contemporaries or subordinates. They understand that their organization is

only as strong as their weakest link.

Demonstrate high moral standards.

High moral standards frequently distinguish effective leaders from manipulative, scarecrow-type leaders who tend to use flattery, compliance, confrontation, indirect threats, and position to manipulate subordinates.

Exude charisma. Effective leaders use charisma, not managerial manipulation, to get others to perform beyond expectations. They avoid acting like cops, referees,

ivory tower decision-makers or indifferent analysts. They understand that leadership is often like show business – symbolic and dramatic – and that they must occasionally play the role of a cheerleader, coach, nurturer of heroes or coxswain in addition to

Confidence is contagious. So is lack of confidence.

MICHAEL O'BRIEN

their main role as a builder and facilitator.

Inspire others. Effective leaders exude personal influence and are able to inspire – not demand – the respect and loyalty of others. They understand that all people want to be successful at what they do, and thus encourage others to do their best, and as much as possible, actually show them how. They realize that to breed success in others, ultimately breeds success for their company.

Keep from being bound by the controls of protocol and process. Effective leaders do not confuse the means and the ends. They break rules if they have to as well as invent new ones if they have to. They are unencumbered by management theory and

Leadership is action, not position.

DONALD MCGANNON

The new leader is a facilitator not an order giver.

JOHN NAISBITT

standards established by others.

Keep up-to-date. Effective leaders refine and hone their understandings and skills by constantly reading up on current literature in their field. They also keep close to the pulse of their company by staying in daily contact with supervisors, employees and customers.

Learn how to spot the Judases in your camp. Effective leaders are able to spot those in their company who pledge loyalty in public and then spread discontent in private. Once identified, effective leaders are prepared to make every effort to remove these ignominious characters.

Lust for leadership. Effective leaders want to be in charge. They also possess an intrinsic desire to achieve substantial personal recognition and to earn that recognition based upon their own merits.

Never abuse power. Effective leaders know that the corrupt use of power creates a vile corporate poison that can quickly spread throughout an entire organization and paralyze it. They also realize how little courage it takes to criticize the decisions of subordinates rather than stand by one's own. Effective managers thus practice humility and refrain from using their position to intimidate others.

Readily adapt your leadership style to suit a variety of situations. Effective

For any action whatsoever, an employee should receive orders from one superior only.
HENRI FAYOL

leaders can define and manage each situation or person with an appropriate leadership style. For example, they tend to treat their vice-presidents and line workers with the same level of respect, but through different approaches.

Stay focused. Effective leaders choose a priority and clearly, repeatedly, religiously, urgently, attentively, and passionately focus all their discussion and energy on that priority. They realize that focus is critical to decisiveness, and that without it, they would lose the support of their workers in challenging situations.

Stick up for others. Effective leaders exude a feeling of mutual respect and never let their followers feel degraded or

worthless. Because of this, many of their workers feel, “Since the boss goes to bat for me, I’ll go to bat for him.”

Take action. When faced with a crisis, effective leaders don’t just sit around and twiddle their thumbs. They solve the problem themselves or get someone who can.

Understand the penalty of leadership. Effective leaders understand the pressures of being first and know how to handle it once they get there. Consider the following ad for the Cadillac Motor Company, which appeared in the Saturday Evening Post, January 2, 1915:

The Penalty of Leadership:

In every field of human endeavor, he

A Domino’s Pizza Store once faced the catastrophe of running out of pizza dough. President Don Vleek’s immediate response was, “Charter a plane. Get it there!”
FUNFACT

that is first must perpetually live in the white light of publicity. Whether the leadership be vested in a man or in a manufactured product, emulation and envy are ever at work. In art, in literature, in music, in industry, the reward and the punishment are always the same. The reward is widespread recognition; the punishment, fierce denial and destruction. When a man’s work becomes a standard for the whole world, it also becomes a target for the shafts of the envious few.

Use your imagination to solve problems. The ability of a leader to lead depends highly on the respect subordinates have for their leader’s ability to origi-

nate ideas, suggest solutions to problems, and above all, translate visions into far-reaching goals. In other words, the substance of business – making products and going to market – and the art of leadership is imagination.

NOTE Effective leaders possess a heightened financial imagination (the faculty to make and use money) and a heightened marketing imagination (the intuitive feel for consumer needs and desires).

Wander around frequently. Effective leaders get out of their office and wander around their organization. In fact, whether their priority is product quality, customer service, innovation, courtesy, getting customer input, or safety, they realize that their success re-

During his 57 years as Marriott Corporation's CEO, founder J. Willard Marriott, Sr. read every customer complaint card.

FUNFACT

volves around committed people; and the only way to get that commitment is to work with people. This does not mean they spend a good portion of their time socializing, rather it means that they spend a good

portion of their time finding out, observing, listening and talking last, not first. More specifically, leaders who wander around:

- establish an open-door policy through out their organization
- evaluate employees, in part, by how directly and frequently they are in touch with others
- get to know people and their jobs – what's working and what's not – by developing a five-minute informal questioning routine

- randomly hold meetings in other people's offices or out in the field
- recognize that the real-life action of their organization is not behind their desk
- routinely gather staff together to train, gripe, change policies, nudge programs along, and celebrate
- spend 25 - 50% of their average working day wandering around, fiddling with equipment and asking questions
- spend at least one or two Saturdays a month, or a week each quarter, on the sales floor, in the factory, or on the street crew
- visit their competition to keep track of what out what they're doing

A frightened captain makes a frightened crew.
LEWIS SINCLAIR

- visit their front line people first so their visits with upper management will take on more meaning

Work hard. Effective leaders realize that success in their organization will depend largely upon their own sustained willingness to work hard. They know that sweat rules over inspiration.



BECOMING A MORE EFFECTIVE MANAGER

STRONG MANAGEMENT like strong leadership is ALSO essential to the success of any business. While effective leaders have the ability to get everybody excited and pulling in the *right* direction, to get the job done, effective managers get them pulling in the *same* direction, for the least amount of time, and at the cheapest cost.

The executive is inevitably a father figure. To be a good father, whether it is to his children or to his associates, requires that he be understanding, that he be considerate, and that he be human enough to be affectionate.

**DR. WILLIAM
MENNINGER**

In general, effective management can be described in much the same terms as effective leadership, except for the following two differences: effective managers need a more complete hands-

on-understanding of all the details of a business, as well as a more intuitive approach to handling people.

More specifically, as a business owner, to develop your managerial capabilities you must strive to:

Actively listen to customers and workers. Effective managers take an active interest in their customers and workers, suspend judgment until all the facts are known, and use third parties when necessary to discover what a customer or worker wants to say but can't.

Attend parties. Effective managers regularly visit or meet with important customers (assuming they wish to keep those customers). Retirement parties,

benefit dinners, meetings with government officials, and serving on the board of a trade association are also part of an effective manager's job that he or she neglects at great peril.

Clarify employee responsibilities.

At the beginning of each new assignment, effective managers spend some time making it clear what each person will be accountable for. They describe what they would like to see happen, then write out the selected goals on a single sheet of paper using less than 250 words.

Criticize positively. Effective managers avoid negativism and try at all times to assume positive critical roles. They solve problems by analyzing ideas and content not by criticizing or

Show others how to be successful and they will feel indebted to you; set up roadblocks to their success and they will retaliate with hate if not revenge.

POWERPOINT

scolding individuals.

Deal with unexcused absences immediately. Effective managers know that if unexcused absences are not punished, not only will the offender's productivity decline in other areas, but the manager's ability to discipline others effectively will also deteriorate.

Demand accountability. Effective managers require all members in their organization to be accountable for their actions. They instill this demand not by ordering it, but by requiring it of themselves and showing it by example.

Develop an effective way of informing employees when their perform-

ance is below standard. Effective managers understand that performance will not improve on its own. They thus develop a multi-step plan to help improve an employee's performance. Their first step is to inform the employee of poor performance. If this does not improve the situation, they then state the performance problem and what is expected in writing so that the employee understands the seriousness of the situation. If this still doesn't work, and the employee is properly trained, immediate disciplinary action is taken.

NOTE Without feedback an employee cannot change or even know that change is

During World War II, the U.S. government discovered its parachutes failed to open 5 percent of the time. Since nothing less than zero defects was an acceptable level of quality, they solved this problem by requiring parachute packers and inspectors to put on one of their products, selected at random, and occasionally jump out of a plane.
FUNFACT

required. Feedback does not cost the owner anything, and it is the single most powerful tool available or improving poor performance.

Develop the practice of sound record keeping.

Effective managers remember to account for each dollar they receive and spend. They also understand all the basics of income statements, balance sheets, cash flow projections and tax returns, and can talk intelligently with their accountants without saying, "Duh, can you run that by me again."

Encourage teamwork. Effective managers know how to get people to work to-

gether. They understand that 12 people can lift a car quite easily, while one will probably break his back.

Erase the us vs. them feeling. Effective managers know

that companies of the 1990's and the Year 2000 are no longer hierarchical creations but rather teams, where everyone's contributions are significant; everyone participates; everyone receives recognition. No longer is there the angry boss like figure looming over the heads of employees. This new structure encourages unity between the ranks rather than fear.

The Japanese have a saying: fix the problem, not the blame. In American organizations, it's all about who fucked up. Whose head will roll. In Japanese organizations it's about what's fucked up, and how to fix it. Nobody gets blamed. Their way is better.

MICHAEL CRICHTON
Rising Sun

NOTE In the Old Testament, God is seen as a powerful person who must be feared. However, in the New Testament God is seen as loving, caring, and most of all forgiving. It is amazing that it has taken the business world 2000 years to figure out the importance of this concept.

Facilitate rather than dictate. Effective managers do not give orders, rather they facilitate them. They recognize the profound shift in North America (and many parts of the world), from a managerial to an entrepreneurial type

economy, due to the fact that essentially, the world has become far too complex for one individual to impact or control any significant portion of it. In a sense, it has be-

come like one giant bull that doesn't know its head from its tail.

Effective managers know that the age of the manager-dictator is dead and that businesses of the 21st century are more likely to be based on a new management structure in which individuals are given more authority and responsibility – the age of the manager-facilitator.

Get bad news fast. Effective managers understand that nobody wants to be the bearer of bad tidings, because that triggers the shoot-the-messenger syndrome. Thus, they are very careful to encourage their workers to give them bad news as well as good news. They know that the sooner they know about a prob-

*It's amazing
what can be accomplished
when no one cares who gets the credit.*

**SIGN IN
BOSTON
COLLEGE
LOCKER
ROOM**

lem, the sooner they can solve the problem and the less damage it can cause.

NOTE Sharing information and asking for feedback are two very simple things the owner can do to improve communication and productivity in the business.

Have a daily and weekly plan for both administrative and creative tasks. Effective managers don't get themselves into a rut where all their time is devoted to handling purely administrative tasks. Pushing paper, although unavoidable, doesn't build profits or improve operational efficiency.

At least once a week, an effective manager takes time:

- check up on the competition
- look for ways to lower operating costs and increase sales volume
- observe customers and employees
- read-up on their industry
- review financial records
- wander around their office or store checking on inventory, lighting, displays, equipment, washroom facilities, paper clip supplies etc.

Keep informed. Effective managers solicit regular feedback from customers and make changes based on their suggestions. They also:

If you don't tell workers what you'd like to see happening, then whenever there is a problem, you can expect that any directions you give them will fall flat. Workers will see your comments as complaints not guidance.
SUPERTIP

- constantly scrutinize their competitors' advertisements and sales literature
- have regular training sessions motivation meetings with employees
- join trade associations in their industry
- read the same publication that their customers and competitors read
- recognize their own weaknesses and get help in these areas
- review financial and marketing strategies often
- review their business plan monthly
- talk regularly about business-related

subjects with other small business owners

Know how to crunch the numbers. Effective managers monitor their sales progress with hard numbers, not “guesstimates.” They also know:

- exactly how much it costs to make a sale, perform a service, make a repair, etc.
- how much inventory is on hand and which is old or obsolete
- how to calculate their break-even point and when they are on target reaching it
- how to use spreadsheet software to make “what-if” projections

Show others how to be successful and they will feel indebted to you; set up roadblocks to their success and they will retaliate with hate if not revenge.

POWERPOINT

Know how to delegate responsibilities to trained and qualified people.

Effective managers seek attorneys, qualified accountants, and other professionals who can provide the necessary services when they need them. They also give their subordinates the freedom to make decisions appropriate to their level of responsibility, knowing that with the increase in shared, instantaneous information, more and more of them know and have access to the same information as managers.

NOTE Effective managers never place their workers in situations where their weaknesses will prevail over their strengths. Likewise, they never make decisions when they don’t understand all the issues concerned.

Know how to handle stress. Effective managers know that not all stress is bad: hard work doesn't kill. In fact, a certain amount of stress is necessary for everyday functioning and is essential for high level performance, whether it be developing a new idea, selling a product, creating a work of art, or running a mile.

They also know that being too tough on oneself, tackling more than one's capacity to perform, trying to do everything alone, and wasting too much time on details, can cause the stress fight or flight emergency response to occur too often, and thus weaken the immune system allowing infection and illness to occur more frequently. To limit and control stress creating situations, effective managers:

I've got to follow them – I am their leader.

ALEXANDRE LEDRU-ROLLIN

Effective leaders are the spark-plug of every successful enterprise.

POWERPOINT

Communicate – Don't bottle up problems; share them instead.

Delegate – Don't sweat the small details; let others handle them.

Detach – Leave work at the office when going home for the day; don't worry about work during non-work time.

Escape – Take a vacation when needed.

Exercise – Realize the importance of being in good physical condition to better handle stress.

Explore – Search and research for new ideas and methods so as not to be limited to a narrow way of thinking.

Focus – Do what's meaningful.

Moderate – Avoid abuses of alcohol, stimulants and food.

Organize – Set realistic goals and manage time so that the most important tasks are done first.

Relax – Take mental breaks with music, books, and friends.

Reorganize – Try solving a problem a second and third way if things don't work out the first way.

Socialize – Network personally and within industry.

Know how to make workers feel comfortable. Effective managers make employees feel they're an important asset to the company. They also:

- call their employees associates or

colleagues rather than workers or employees

- eliminate managerial perks such as private parking spaces, executive dining areas or washrooms, and special privileges, in order to encourage a sense of equality
- keep employees informed on exactly what their responsibilities are and what is expected
- lavishly reward good and exceptional performance
- make meetings and celebrations fun, imaginative and memorable
- rub shoulders with employees in social situations
- treat employees as individuals first

It's all very well in practice, but it will never work in theory.

**FRENCH
MANAGEMENT
SAYING**

- trust employees to do their jobs and recognize their right to be needed, involved, responsible and accountable

Know how to set targets or goals and follow through on them.

Effective managers can set specific targets or goals once the potential for growth has been confirmed and top management has made the commitment to pursue a growth pattern.

Know when to fire employees.

Effective managers know that if a person is not following the patterns, expectations, and guidelines set by the company, then that person does not fit in and should be

When employees volunteer critical information to their supervisors, it indicates the presence of trust between employees and management. When critical information is not volunteered, the owner can regularly expect to be blindsided by unexpected problems.

POWERPOINT

removed for the companies benefit and ultimately the employees own benefit. Firing is done in person, and is a thought-out decision, never a spontaneous emotional one.

Know when to get out of the way.

Effective managers know when to leave workers alone. They spend more time delegating and less time getting directly involved. Effective managers are like good conductors; they orchestrate everything in advance and then monitor the results as they happen.

Let employees chew themselves out. Effective managers believe the best way to chew someone out is to let them do it themselves. To do this they: a)

summon a worker to their office, **b)** let the worker stew in the waiting room for a while, **c)** invite the worker in, **d)** give the worker their own chair, and **e)** then ask the worker what he or she would feel and say about their own performance if they were in the managers position. The employee is usually harder on themselves than the manager would have been.

Make sure each employee has only one supervisor. Effective managers make sure their employees know who their boss is i.e., who reports to whom. They know it is essential that every employee have one boss and one boss only, because two bosses often make contradictory demands that make it impossible for an employee to do either job well. This

You can't "manage people. But you can bribe them.

**DAVID
AYCOCK**
*Former CEO,
Nucor Steel*

Management is the art of getting other people to do all the work.
ANON

creates ill will and quickly destroys teamwork and productivity.

NOTE A simple organizational chart distributed to each employee can help solve supervision problems.

Network rather than pyramid business hierarchies. Effective managers restructure their working environment away from the old pyramidal top-to-bottom structures, where management's main purpose was to "keep track" of workers, and towards networking environments.

"Networks" have become more popular due to the increased sophistication of computer and communications systems, which makes it easier for managers to "track" employ-

ees. They employ a horizontal system of management, where people interact and share ideas, information and resources in a more direct and free manner. In this kind of environment, rewards come by empowering others, not climbing over them.

NOTE The “Mainframe” is out and the “micro computer” is in. This is the perfect metaphor for network management restructuring.

Praise immediately, specifically, frequently, personally, truthfully, proportionately and inconsistently. Effective managers, when they see their workers doing some-

A good manager is a man who isn't worked about his own career but rather the careers of those who work for him.

Don't worry about yourself. Take care of those who work for you and you'll float to greatness on their achievements.

H.S.M. BURNS
President, Shell Oil Co.

thing right, praise the good performance immediately, telling specifically what was done right. They also tend to use frequent personalized progress reports, rather than stuffy annual performance reviews, to provide fodder for frequent “on the spot” pats on the back.

Furthermore, effective managers won't lie and tell workers they are doing a good job if the aren't and won't excessively flatter minor improvements. They know that if they indulge in these fallacious practices, their workers will not listen long, and worse yet, will not believe praise when it is justified.

Finally, effective managers maintain the effectiveness of their praising by executing them inconsistently so workers don't come to expect or take them for granted.

Reprimand if necessary. Effective managers are quick to respond to poor performance on a job. However, they are tough only on the poor performance – never the per-

A Manager's Two-step Action Plan for Rewarding Employees

1. IDENTIFY the result or behavior required in terms that are: specific, measurable, clear, challenging, written, and mutually understood.

2. CHOOSE an appropriate reward.

Applied Creativity
Decisive Action
Increased Productivity
Innovation
Loyalty
Quality Work
Reduced Overhead
Simplification
Smart Work
Solid Solutions
Working Together

Results Required

Advancement: promotions

Choice of Work: the opportunity to do what you like

Freedom: autonomy in the workplace

Fun: sport or health facilities, parties, travel

Money: raises, bonuses, commissions

Part Ownership: stock options, profit sharing

Personal Growth: additional training, new skills

Prizes: dinners, vacation trips, gift certificates

Recognition: job titles, public citations

Time-off:

Possible Rewards

son.

Effective managers can use this strategy and get good results because previously they have been quick to praise good work and are careful to fully explain beforehand, that each worker will be informed when they are performing well and when they aren't.

An effective reprimand usually consists of three basic steps: **a)** telling the person what was done wrong; **b)** telling the person how to do it right; and **c)** reminding the reprimanded person that he or she is a valuable part of the organization.

Business owners must be better people than their employees. They must work harder, have stronger values, and treat people with dignity. They must accept the fact that they can get yelled at, but no matter how much they want to, should never yell back. This is the mark of true leadership.

SUPERTIP

NOTE Effective managers don't praise first then scold. They understand that if you first get a reputation for being tough and then start rewarding your workers, your workers will start to think, "Hey, old man Griswald is finally coming around." However, if you develop a reputation for always rewarding your workers and then one day turn sour, your workers will start asking themselves, "Hey man . . . what's wrong with the old coot? He's sure been in a vile mood lately." In other words, it is better to be termed tough and nice rather than nice and tough.

Reward appropriate behaviors and results. Effective managers are generous with small tokens of appreciation for they

understand that many of their workers value security and assurance more than monetary rewards (which only help to promote greediness). However, to keep workers excited about important projects they also may implement special commission structures, profit sharing plans or other monetary rewards such as those listed in the chart on **page 22**.

On the other hand, effective managers don't reward inappropriate behaviors or results such as:

- busy-work
- long hours that produce little
- massive reports
- paper-shuffling

You give a good leader very little and he will succeed; you give a mediocrity a great deal and he will fail.

**GENERAL
GEORGE
MARSHALL**

- risk avoidance
- short-term profits at the expense of steady long-term growth
 - doing things the cheap, easy and quick way at the expense of finding solid solutions that otherwise would focus on long-range investing planning and commitment

Effective managers know that “the thing that gets rewarded, gets done.” The following fable, told in LeBoeuf’s first chapter of *The Greatest Management Principle* illustrates this point exceedingly well:

A weekend fisherman looked over the side of his boat and saw a snake with a frog in its mouth. Feeling sorry for the

frog, he reached down, gently removed it from the snake's mouth and let it go free. But now he felt sorry for the hungry snake. Having no food, he took out a flask of bourbon and poured a few drops into the snake's mouth. The snake swam away happy, the frog was happy, and the fisherman was happy for having performed such a good deed. He thought all was well until a few minutes passed and he heard something knock against the side of his boat. The fisherman looked down and, with stunned disbelief, saw the snake was back – this time with two frogs.

We tell our young managers: "Don't be afraid to make a mistake. But make sure you don't make the same mistake twice.

AKIO MORITA
CEO, Sony Corporation

