

1 Good Financial Planning Means Never Having To Say Sorry

2 How To Conduct Fair And Effective Employee Appraisals

3 Selecting The Right Web Solution

4 Brand "ME"

GOOD FINANCIAL PLANNING MEANS NEVER HAVING TO SAY SORRY

Even talented and successful entrepreneurs may concentrate so intensely on their business that they neglect their personal financial planning. They save little money outside their business, have only a modest retirement benefits package plan and carry insufficient insurance to cover any hiatus in the business' income generation activity. Sooner or later, these people find themselves regretting their lack of foresight. Good financial planning= means never having to say "Sorry".

Never have to say sorry: to your spouse

Your spouse has probably provided a considerable input to the success of your business, either as business partner or as family mainstay and emotional supporter. What plans do you have in mind to reward them, and yourself, come retirement time? Will you be able to fund your dreams?

As a business owner, the first act of your retirement planning should be to open an individual retirement account. A good scheme will offer safety, a good rate of interest, compounding (interest reinvestment to generate further earnings) and tax concessions. In the right

circumstances a spousal retirement savings plan, one owned by your partner but to which you make the contributions, allows you to split your income after retirement and reduce taxes by paying on two relatively low rates instead of one high one.

To reap the optimum benefit from a retirement saving plan start contributing early and make regular payments. It's fine to lead an affluent lifestyle while you are working but it's also necessary to consider the retirement years. Build the contributions into your regular expenses by arranging an automatic withdrawal each month so you don't find yourself short of income in retirement, or having to work on and on into your later years.

Never have to say sorry: to your heirs

OK, you won't be around to actually apologize when the will is read, but probably one of the things you are working for is to achieve some financial security for your heirs. You don't want to disappoint them even if you aren't

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there to say “Sorry, I didn’t plan that too well”. Proper estate planning is the key to controlling your assets and not leaving your heirs in a financial quandary, but to be effective it requires your lifetime participation. The money saving and tax minimization opportunities that can be utilized for your heirs’ benefit will be limited unless you have laid the groundwork planning from earlier on in your lifetime so as to achieve the outcome you want.

A carefully thought-out estate plan will ensure you pass on your wealth to whomever you want to receive it in a way that avoids delay and minimizes asset shrinkage due to probate costs and estate tax.

Never have to say sorry: to your business

Another critical aspect of financial planning and your small business is using various types of insurance to protect it. The variety is exhaustive, and funding insurance for every contingency is probably prohibitive, but some may be more relevant to a particular business than others. Among the more common types are: liability insurance; property insurance; business interruption insurance (to cover lost income and overhead expenses when a business must temporarily close its doors due to a covered disaster); life and disability insurance; and key person insurance (to minimize the financial disruptions in the event of the death or incapacitation of someone who is critical to your business).

Boiled down to the essentials, financial planning is about two things - accumulating wealth and protecting it. Doing it properly may mean seeking advice from specialists in a variety of different fields, but a good starting point is someone with an overall understanding of the big picture, such as your accountant. As a small business owner it’s important for your long term personal financial success to take advantage of the variety of financial planning instruments that apply in the small to medium business context.

HOW TO CONDUCT FAIR AND EFFECTIVE EMPLOYEE APPRAISALS

Most organizations review the performance of their employees on a regular basis (usually annually), for the purposes of determining pay adjustments, promotions, terminations and training requirements. Unfortunately, the very idea of being “appraised”, of having some superior pass judgment on them, is resented by many employees – unfortunate because, in fact, a structured Performance Appraisal is the most objective method their employer can use to reliably evaluate their standard of performance and reward them according to their real merit. Even the most technically sound Performance Appraisal structure can be sabotaged by non-cooperation, usually arising from some idea that it is “unfair”. To operate effectively, you must build a Performance Appraisal system that demonstrates fairness through every aspect of its operation.

Building a fair appraisal structure

“Job creep” can mean that what the supervisor understands a job involves is at variance with what’s actually in the employee’s job description, or what they really are doing. The fairness of a Performance Appraisal system is grounded in a set of current, accurate job descriptions that define the tasks an employee is

expected to perform, along with a set of clear explanations regarding what criteria will be used to assess how well they perform them. This information provides a common understanding between employer and employee, and a level playing field among employees performing the same job.

Many off-the-shelf Performance Appraisal software tools work off a generic set of assessment criteria – that’s unfair. Only an appraisal tool customized to reflect the way things are actually done in your particular business, and the particular expectations that you have of employees, can be considered as fair.

Building a fair appraisal report

A common failing of Performance Appraisal is to begin noting observations of your employees just before conducting the appraisal interviews. This limited observation period is unlikely to provide an accurate reflection of performance over the whole period between appraisals. Ideally, employee’s performance should be observed and recorded in a systematic manner over time to provide a fair picture.

Throughout the period between reviews performance issues must not only be noted, they must be addressed as soon as they arise. It’s easy to pass on a compliment or word



of recognition for good work – far less easy to tell someone they are underperforming. Nevertheless, it's only fair that an employee know everything that may come up in their review, and that they have an opportunity to improve before the review.

Employees should be informed of who will be submitting information about their performance (supervisor, co-workers, customers, etc). Multiple appraisal channels can improve accuracy and reduce bias, but will only be acceptable to employees if they are satisfied that these appraisers have adequate knowledge and direct experience of their performance to make a fair assessment.

Building a fair Performance Appraisal interview

Providing appraisers with some formal training ensures that they understand the goals of Performance Appraisal, and how Performance Appraisal interviews work (what can be asked, how to deal with difficult situations, how to give feedback, how to stay focused on behaviors and avoid discussing personality etc). Since the appraiser may also be the supervisor, a professionally conducted interview can neutralize the potential for supervisor bias, and increase the employee's perception of its fairness.

Ideally, the employee should be allowed to make a self assessment of their own performance. This provides an opportunity to explain any circumstances that may have caused them to underperform, to identify barriers preventing good performance (e.g. out-of-date equipment), and suggest things that could improve their performance (altering procedures, extra training, etc) – that's fair.

Building a fair performance improvement system

The goal of performance appraisal is to support and improve your employee's performance, so it makes sense that having identified any barriers to performance, steps are then taken to remove them. It's unfair to have discussed a shortcoming in performance, recognized its origin in something outside the control of the employee, and then not to address the issue to allow the employee to perform up to the mark.

SELECTING THE RIGHT WEB SOLUTION

Choosing a web solution is not just a matter of throwing up a few pages, as cheaply as you can by using friends and tech savvy kids to toss it together. The online market these days is as valuable and important as the physical marketplace you do business in so when it comes to creating a website it's worth investing the same commitment of time, money and resources that you put into the physical set up of your premises, or selecting essential tools and equipment for the business.

Your web solution will need to be able to grow and develop with your business. If you choose a web solution that isn't flexible and can't be upgraded, you may end up having to replace it as your needs change.

Here are some points to consider:

Communicating with customers

When choosing your web solution it's important to look at the options for communicating with your customers and prospects. Blogs and forums are examples of using technology to make your website more interactive. They are both effective ways to open the lines of communication between you and your market. Even if your business is not ready to start a blog, forum or other interactive tool right now, choose a web solution that is flexible enough to easily add them in future.

Managing your website

Look for a web solution than offers a content management system (CMS). A CMS enables you to make changes to your site without expert help – and hence reduces your costs. You can update text on pages, add pages, and publish articles, blogs and announcements. A CMS allows you to communicate with your customers more quickly as well.

Online selling and database capabilities

If you want to sell your products online, you need e-commerce features that are easy for you to manage and make it simple for people to buy.

Once again, using a content management system will allow you to update products and descriptions on your site. Other common features available are

real-time stock management, advanced purchase calculations if you offer bulk, trade and valued customer discounts, and online credit card payment processing. If you sell electronic files, such as MP3s or e-books, you will want an e-commerce solution that enables downloads once the purchase has been made.

Along with e-commerce, a complete web solution includes an integrated customer database. This will enable you to grow your database when prospective customers interact with your site. Details about existing customers, including past inquiries, purchases, downloads, and marketing campaigns received, can be included in the database. The integrated database plays a crucial part in an email marketing strategy. This facility will enable you to manage lists and provide statistics to monitor responses to email marketing campaigns.

Reporting the return on investment

If you can't measure the effectiveness of your website, you could be wasting time and money. Your website should have reporting capabilities that will tell you how many people are visiting your site, what they are doing when they visit, how they found you, and how many are turning into customers. Measuring, collecting, analyzing and reporting data about how people find and use your site is crucial for providing the information that can help you improve it over time.

Statistics such as the average time on site and average page views will tell you how interested visitors are in your site. The bounce rate will tell you the percentage of visitors who only visited one page on your site. If people are leaving your site from certain pages, there might be a problem with content. If you have an e-commerce site and visitors commonly exit at one of the steps, you can take a closer look to determine why this is happening.

WEB PICK OF THE MONTH

Owning your own name as a url is a good move. You can always have it point to your business website. If you can't buy your name, get creative – TheRealJohnSmith.com might be available!

BRAND “ME”

Personal branding, self-branding, self-positioning, whatever you choose to call it, it's really about personal marketing. Why would you want to do that? It's a great way to market your business in a way that can cost you nothing. You see it in action constantly. Donald Trump, for example, uses his name on his buildings, but he also has it placed on products that he endorses. While you mightn't be prepared to go that far, let's look at some ways of using personal marketing.

Remember, prospects are everywhere

Whenever you travel, attend a sporting event, go to a parents' night at your local school or even wait in line at a bank, it's possible there is a potential customer among the group. So always be willing to talk to people. You never know who you might be talking to. Naturally not everyone is going to be a potential customer but even if somebody isn't a prospect for your business they may well know of another person who is.

This doesn't mean pushing yourself onto anybody and everybody with a business card in your hand, but it does mean keeping a business ear tuned in to the conversations you are having. It's really a matter of your mindset.

Develop your elevator speech

It pays to prepare a little story about you and your business that's interesting and only takes a minute or less to go through. Most conversations eventually get into a “*What sort of work do you do?*” phase and that's your chance to tell others about yourself. “*I solve people's mobility problems by working out the most cost effective way to maintain their cars*” is a lot more interesting opening line than “*I'm a mechanic!*” You could discuss the way your workshop assesses how clients use their cars, who uses which vehicles for what purpose, and how you use that information to suggest a maintenance schedule that provides best

value for money. The car that just does the weekly shopping doesn't need the same level of expenditure as one that is used for constant long trips. People will be impressed and intrigued – they'll certainly remember you.

Show a real interest in the people you talk with and take the time to hear their story. Listen carefully and you'll always learn something. Ask additional questions if you think there's more to learn since some people only tell part of their story and wait until they're encouraged before they say anything else.

Help whenever you can

The old maxim, “*those who help others, help themselves*”, definitely holds true in business. If you realize during a conversation that you can be of some assistance to the person you're talking with, it's an opportunity to get to know them better. This extends to those you're already doing business with. You might have a solution to their biggest business problem and can make a friend for life!

Share your expertise

Whatever your line of business, you're an expert in it. Before you disclaim this, just think about it. You know more about what you do in that business than anybody else who isn't in the same business. If you can make up an interesting presentation about what you do, others will gladly listen.

Contact local organizations and offer your services as a guest speaker. Begin with any that you're already a member of and go from there. Join twitter and start posting short comments – you're limited to 140 characters so it doesn't require a long essay on the subject!

When it clicks, personal marketing places you in a one-on-one situation with a prospective customer who shares many of the same concerns about running a business that you have. If you can be informative, interested and helpful you'll find your business growing and possibly make new friends at the same time.

FIRM NEWS:

American Opportunity Tax Credit:

This credit, which is authorized by ITC Sec 25A(i) can be claimed for qualified tuition and related expenses (e.g., fees, books and other required course materials) paid for higher education in 2009 and 2010. This credit equals 100% of the first \$2,000 spent per student each year and 25% of the next \$2,000. So, the full \$2,500 credit is available for \$4,000 or more in qualifying expenses paid in one year for an eligible student, but is phased out for taxpayers with incomes above \$80,000 or \$160,000 for married couples filing a joint return. The credit is partially refundable, so those owing no tax can get a refund of up to \$1,000 of the credit for each eligible student.

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