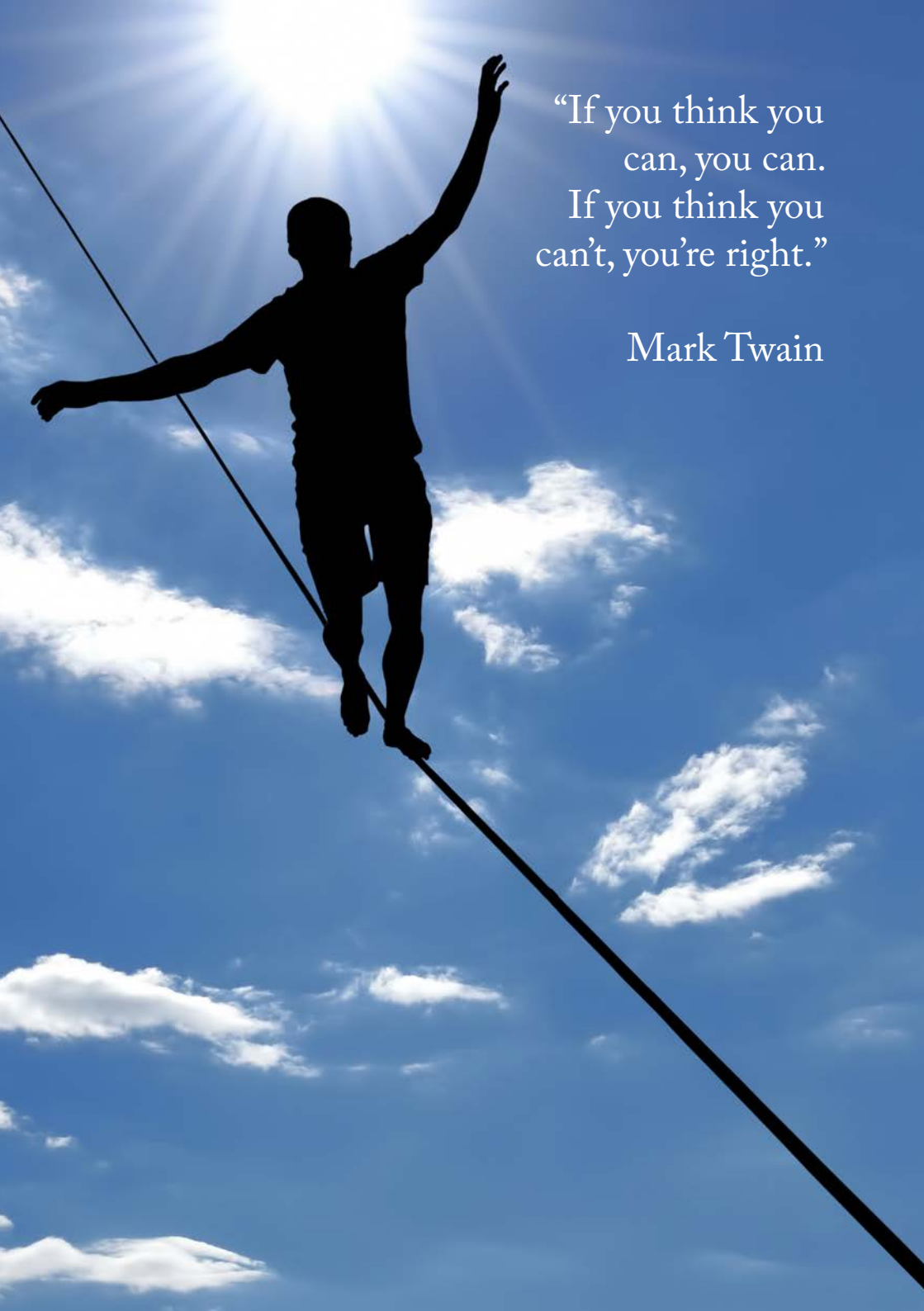




*The Six
Key People
Challenges
Facing
Every
Small
Business*

by Steve Booth



“If you think you
can, you can.
If you think you
can’t, you’re right.”

Mark Twain

Do you find yourself exhausted at the end of the day but still not sure if you achieved all you set out to do?

Would you like to have some time for yourself/for your family and also be confident your business is secure and growing?

If this is you, then read on...

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*People
Performance
Culture*

“The secret of getting
ahead is getting started.”

Mark Twain

The Six Key People Challenges Facing Every Small Business

1. **Planning ahead** – Do you find you are trying to do everything yourself?
2. **Hiring the right people** – Are you paying enough attention when you recruit?
3. **Planning resource needs** – Are you confident you have the right mix of people (permanent, casual, full or part-time)?
4. **Ensuring your employees have measurable and achievable goals** – Do your people understand how they contribute to your business?
5. **Effectively measuring your employees contribution** – Do you know how much each employee contributes to your bottom line?
6. **Addressing poor performance** – Do you sometimes 'put up' with poor performers who are a drain on your business and a poor example to others in your business?

1

Planning ahead

Do you find you are trying to do everything yourself because you don't have the right number of talented staff to ensure your business is a success?

Is your business in safe hands and do you have the right size team you can rely on to run your business when you aren't there?

Business is good, customers are happy, all indications are you have a growing successful business.

Then why are you so tired every night, working weekends, feel like you are doing everything but nothing is getting done?

Why do your employees think you are a micro-manager and they don't have the power to make decisions or do things without referring to you first?

These are very common problems with small businesses where the focus on finances and cost control results in a tendency to do as much as you can with what you have. Your major focus as the owner of the business is to work harder as often and as long as required to ensure everything gets done and your customers are happy. Even though you haven't discussed the situation with them you are confident your staff feel the same and you expect them to chip in and do extra hours until things are back on track. Even though this approach may work initially, of course it is not a long term, or even mid term solution. This approach is unsustainable and toxic for your business and staff. How can you maintain quality and service when you and your staff are tired and overworked, morale is low and communication almost non-existent?

In the short term you may need to simply hire more staff, however It is understandable you can't just hire someone without considering a number of factors: what are the workloads expected? is this a short peak or do you need to scale the business? what skills do you need? how long do you need the resources for? how many days a week will they work and can the business afford them? These are just a few of the questions that you need to address and all at a very busy time of peak workloads.

What Can you do to Turn Things Around?

In the longer term developing and implementing a plan that considers in advance these and other factors such as changes in your industry, market fluctuations, business peaks and lows, holidays and close-downs will help you stay on track and have you well placed to grow your business.

Realising you have a problem is the first step to staying on track. Take a step back from your business and establish why you have no time and everyone is so busy. The good news is that whatever the problem, there is often a simple solution. One thing is clear, to continue to plough ahead and simply work harder and longer without a longer term plan will not have any positive effect. In fact I can almost guarantee you will eventually lose customers and staff and become one of the many small businesses that fail because they failed to plan for success.

The Benefits of planning ahead

Dealing with stress

Often a major issue for the small business owner, stress can affect everyone associated with the business. Having a plan will help you anticipate issues and be well placed to handle them. For e.g. ask any student if they had a plan as major exams approached. Often the response is that they had no plan and as a result put off studying until the last minute. Even then they did not know what areas to concentrate on and as the exam approached, ended up more stressed as they felt totally unprepared. Of course, if they had taken the time to prepare a study plan, working on their strengths and addressing their weaknesses, they would have been much more at ease, had more confidence and would have achieved a higher quality result. More often than not, in such situations, a lack of planning resulted in a personally disappointing result.

Having a plan in place which recognises and addresses key milestones, peak workloads and potential challenges in your business will ensure there are no surprises, you stay in control of your business and stress levels are not needlessly high.

Better results

In the majority of cases, planning ahead will lead to better results. Simply because you took the time to think ahead and consider different options and outcomes, you will naturally make better, well-informed decisions than those you would if reacting to an unforeseen crisis.

Saves you money

Thinking through your resourcing, operational needs and finances in advance and exploring your options optimises effectiveness and efficiency in all areas of the business. When applied to small business, this can result in incredible savings in that spending is focused where it is most needed, options have been thought through and best price investigated, timing and duration of peak loads are known in advance, resourcing is focused when and where it is required and you achieve the best possible return for your investment.

2



Hiring the right people

Are you paying enough attention when you recruit to ensure the people you hire are talented and engaged and will make your business successful?

According to Forbes Magazine, the cost of a bad hire is approximately 30% of the annual salary for that position. McKinsey & Co. state that hiring a 'top performer' over an 'average performer' can increase productivity and profit by up to 67%. Obviously, there is a lot at stake every time you fill a position in your business.

Business owners often see the hiring process as too time consuming and will either take 'short cuts' and avoid an effective process or delegate responsibility to someone else, not understanding the impact this could have on their business. As with most tasks in small business it is critical that the business owner allocates appropriate time and effort to achieve the best outcome. Utilising sound process and policy, making objective business focussed decisions and providing support is a great start to ensure the hiring process will contribute to business success.

Here are FIVE benefits of an effective hiring process

You will minimise the costs of the hiring process

It's no secret the hiring process is expensive. Not only do you or your managers have to take time out of your busy schedules, you also have to spend money on advertisements, recruitment consultants and more. When you hire the wrong person, in addition to many other negative impacts, you may have to repeat the hiring process, essentially doubling the cost. At a minimum a good hire avoids both the second or even subsequent hiring process and the added costs and time of again advertising or dealing with consultants.

Effective use of your time

Your time is valuable, and your managers' time is valuable and should be utilised effectively and efficiently. The hiring process means pulling members of your team out of their day-to-day responsibilities and having them spend their time reviewing applications and conducting interviews. When you have four or five interviews in a day, it's a challenge to get much of your other work done. Selecting the right candidate first time, utilising an efficient, effective and thorough hiring process will ensure you and your managers utilise your valuable time effectively.

You will positively impact the morale of your team

Every person you hire must fit into your business and become an important and contributing member of the team. A good hire will not only add vital new skills, different thinking and experience to your team, but can also improve teamwork, bring inspiration and camaraderie to your company culture. At the other end of the spectrum, a bad hire can hurt the morale of your entire staff. If you have chosen badly the person may not possess the skills and experience to complete basic tasks required of their role. You or other team members will be required to spend additional time providing help and training instead of completing your own tasks. Other team members may see the person's inability to undertake their role as laziness or not wishing to work with them. They may also feel obligated to address errors or additional workloads caused by someone, as they see it, who doesn't fit the culture. Team morale will be adversely affected and your business will suffer.

You won't overlook good candidates

Every time you hire someone, you have to turn down other applicants—a fair number of whom are probably qualified and capable of filling the position. A referral from a friend, or the fact someone has experience and can 'start tomorrow' does not guarantee success or the best candidate. From writing the advertisement to obtaining reference checks, you have to be confident that the process you have undertaken ensures you have made every effort to attract a wide and capable pool of candidates. When you don't allocate appropriate importance and time, as well as apply a thorough process, the result can be that you don't thoroughly review all applicants and as a result make a bad hire that could have ongoing negative impacts on your business. It can also be personally frustrating for you to know that by not taking the time to apply an effective process you let better

candidates slip through your fingers.

You don't invest time and resources on an employee who doesn't stay

A critical but often overlooked aspect of the hiring process is onboarding the new team member. Training, acquainting them with your business processes and policies, and helping them integrate into your team takes a lot of time. Done well, with a good hire, engagement and commitment to your team is very likely; done badly, or with a bad hire, you may face a number of negative and time consuming implications. Depending on the complexity of the role, it can take your new hire months—if not a solid year—to reach full productivity. Investing all that time and effort into training someone who isn't going to remain a part of your business is not an effective use of your time or the team's time. To make matters worse, should the person leave and you eventually hire someone else, you have to start the onboarding process—and the ramp up to full productivity—over again. There is also the very real aspect that should the employee leave as a result of their unsuccessful experience they may convey a negative view of your business within the broader industry.

The hiring process is one of the more difficult tasks you will face as a business owner, however, managed well, with planning, attention and commitment to all aspects, your business will reap the rewards of a team of talented, engaged people who are focussed on making your business successful.



Planning resource needs

Are you confident you have the right mix of people (permanent, casual, full or part-time) that gives you options to meet business needs in peak and lean times?

Taking a company from start-up to a successful business is a real challenge; It is even more challenging to maintain and grow that business. Success and growth takes more than just planning ahead, a strong marketing strategy, efficient management, a steady cash flow or a high amount of funding; you must also have efficient resource planning.

Most small businesses start off on a tight budget and are focussed on costs. That's why many small business owners find themselves making the most of what they have and doing many things themselves. Resource management, (the right mix and number of people) only becomes an issue when the business is not able to meet those known and unexpected peaks and troughs that occur in all business cycles.

When starting a company, hiring a specialist for each specific task is costly and therefore not practical. That's why so many small business owners juggle a lot of different activities themselves. They often undertake accounting, customer support, sales and manage inventories while at the same time overloading their team, which isn't a workable long term strategy. Things don't necessarily get easier when they establish a team of 3-4 people. Often the business and therefore workload, has also grown at a pace that exceeds any increase in staff numbers. This is where resource planning is most useful.

What is resource planning?

As critical as it is for small business to "plan ahead" to ensure that they are prepared for how the business will operate for the next 12 months, it is also essential that they ensure they have the right number, type and skill mix of people in their team at any time to ensure they can effectively manage the business. A resource plan allows small business owners to identify, in advance, all the resources needed to deliver services/products over a normal operating cycle, a forward view of a minimum 6 to 12 months. In this respect, "resource" applies to your people and planning in advance how many you have and will potentially need, of each type (permanent, casual, full or part-time), and the roles and responsibilities for each, necessary to address current and future business needs.

Why is planning your resource needs in advance important?

You will keep things under control

Planning ahead ensures you have considered the potential opportunities and challenges of your business over the next business cycle; developing a resource plan allows you to address these opportunities and challenges and allows you to plan for when and for how long a resource is needed. This helps outline important deadlines for delivering work. It also matches tasks to resources, showing who needs to be working on what and when.

By keeping track of deadlines and covering the entire workload in advance, business owners are more likely to stay in control of things. There are fewer chances of missing or forgetting about important milestones. A resource plan will allow you to be prepared to meet important milestones and deliveries. It also shows when tasks overlap, when they conflict and when you need to step in. Most importantly, a resource plan can give you your life back, as there are less surprises; troughs and peaks are known and resources managed; and all your people are working where and when they should

You will manage resources efficiently

Resource planning helps business owners make the most of their available resources, no matter how scarce these are. This is even more important as small businesses scale up. As teams grow, business owners have to make sure everyone has their appropriate share of work. It is also essential to assign the right people to the right kind of tasks. Efficient resource planning allows business owners to match the right skills to the right tasks. At the same time, a resource plan makes sure no one gets overworked.

You will anticipate and plan for when you need to scale

A key aspect in resource planning is identifying the number and type of people needed. This can be very helpful when the workload increases. As companies grow, so does the volume of work. Many companies see an increase in activity during specific seasons – for example the end of the financial year. Doing extra hours might not be a problem if it's a few days or a week. However, in the long run, it is not the solution and it becomes both frustrating and tiring for those required to shoulder the extra workload. With resource planning, business owners avoid the uncomfortable situation

of constantly overworking – either themselves or their people. Resource planning helps small business owners anticipate when they need the extra hands and ensure they maintain appropriate numbers for ‘business as usual’ and when the business grows.

You will understand your needs

Resource planning is also about identifying what resources you need to complete specific tasks. At some point, business owners will need to bring on more people. This can be for help with specific tasks or to handle the increasing workload. However, without a strong idea of what needs to be done, it is hard to know what role or position you will need to look for. Resource planning can show small business owners what tasks are left unassigned and where they need help. Maybe a senior financial accountant needs a paraplanner for a month to clear a backlog, for example, or the team is mostly accountants who need some help with end of year tasks. Additionally, a resource plan will show in advance the exact workload a new position needs to cover. This may help small business owners understand if they need a permanent hire, casual or contractor.

You will keep team members connected

A strong, connected team can accomplish a lot more than mere work colleagues. Building a team spirit, connecting people is also important for small business success. To this end, communication, transparency and trust are key.

Creating a resource plan for small business can help connect the team. This way, everyone knows what other team members are working on, when they need to collaborate and when important deadlines are set. It can help create an atmosphere of transparency that allows team members to feel engaged.

At the same time, sharing the resource plan with all team members can improve communication, and, if there are irregularities or mistakes, things can be discussed in order to avoid bigger problems down the road.

4

Ensuring your employees have measurable and achievable goals

Are you confident your people understand why you are in business and how their role contributes to the success and growth of the business?

Are they all on the same page, focussed, working as a team, motivated and engaged to improve and grow your business?



Are you wondering why you should set goals for your team? After all, you know where the business is going and you are sure each team member is contributing - so why bother?

From a business perspective establishing individual and team goals ensures that all employees are focussed and working in areas that contribute directly to business success. Employees also understand what they are supposed to be doing and why, have a solid sense of teamwork and know that they are contributing to business success.

Without goals employees can lose focus and even become frustrated, particularly in times of high workload, not fully understanding the importance of their contribution. From a team perspective morale can suffer and the outcomes can be very negative, take many months to address and directly impact the business.

In addition to the direct commercial benefits it is vital for all businesses to be aware of ways in which they can increase motivation, engagement and productivity among their team. The fact is, goal setting is an important practice which will help achieve this - particularly in the workplace. Research has found setting strong goals boosts performance by motivating teams and individuals to increase their effort, providing stronger focus and helping them prioritize.

Goals and engaged employees

Goals provide motivation and clarity for people in their jobs. There is nothing worse than working on a task without knowing what it's meant to achieve or what it's contributing to. With a goal in sight, tasks or projects take on more meaning and purpose.

There are different types of goals you can set for your team and for yourself, but the key point is that it's important to have something to aim for. Here's how goals can support employee engagement and focus:

- They help people define a vision of where they want to be, and imagine a path of how to get there.
- They encourage people to think about the meaning of their work and how it ties into the bigger picture.
- They build accountability i.e. do people meet their goals? What are the reasons for meeting them (or not)? How did they get there?
- They encourage people to measure their work and think beyond "simple" execution.

Once you have set goals, it's important your team is committed and actively want to work toward them. People need to be working towards something they feel is important, rewarding, or aligns with their personal values.

What is in it for your business?

It is clear goal-setting is beneficial in a variety of ways, both for individuals and businesses. Having a clear focus in the form of a goal not only helps keep people on track, but actually motivates them even more than factors such as financial gain. Motivated and engaged staff can only be good for the business and is the foundation of a successful culture.

Implemented effectively, goal setting and goal management can also help steer performance management conversations. By setting and encouraging achievement towards reaching their goals, you have a recipe for a productive, motivated and high-achieving team; a critical component of a successful growing business.

5

Effectively measuring your employees contribution/engagement

Do you provide regular and consistent feedback, developing skills and empowering people to engage them to your business?

Do you understand how each of your people contributes to your business and in turn are they engaged and motivated to succeed?



We've all heard the saying, "What gets measured gets done." It means regular measurement and reporting keeps you focused — because you use that information to make decisions to improve your results. Similarly, regular feedback to your team will ensure they are on track, engaged, motivated and passionate about the business.

What is the value of your employees' time?

It seems like a simple question — until you have to calculate what each employee contributes to your bottom line. It's easy to define the value of sales team members — just weigh up the value of sales they've made for your business against the costs of employing them. But what about the rest of your team? Arguably they contribute just as much to your revenue-generating activities as the sales staff; without the production and warehouse team, your sales team has no product to sell. So how do you evaluate their contribution?

You can start by considering the following for each of your roles:

1. Clarify the requirements and key accountabilities
2. Identify the skills, education and experience required to deliver results
3. Reinforce links to business strategy through goal setting
4. Align goals and select measures of performance and behaviour (These don't all need to be \$ focussed, although this is important. You should also consider operational, customer, budget, behavioural and administratively focussed goals as well, the requirement is that the goal contributes to business success)
5. Regularly review performance against goals and provide ongoing feedback and support
6. Clearly communicate the rewards for excellent performance and the repercussions of poor performance

Why does it matter?

Once you have a process in place, both you and your team will be aware of how they are contributing to your business's success. Both you and your team will have defined and agreed expectations and each team member's daily tasks will be aligned with your key business objectives. Most of all your team will understand and be engaged in both their individual and team contribution to business success

What do engaged and disengaged people look like in your business:

Engaged employees:

Willing and able to contribute to company goals and success, great team members, focussed and passionate about their work (extra energy, brainpower and time)

Non-Engaged Employees:

Focus on accomplishing tasks vs. achieving an outcome or goal. Often feel their contributions are being overlooked, and their potential is not being tapped

Disengaged employees:

Disruptive and negative toward the business and its customers; more importantly they can undermine what their engaged co-workers accomplish

How do engaged employees help your business?

Engaged employees work more effectively, instead of just working more; consider company success as important as personal success; find ways to improve; share information with colleagues; develop creative solutions; provide suggestions; speak up for the organization; and try harder to meet customers' needs, leading to repeat business and increased business success.

6

Addressing poor performance

Do you have effective processes in place to monitor and manage the performance of your people?

Do you sometimes 'put up' with poor performers who are a drain on your business and a poor example to others in your business?

Do you have a high performing team with high morale?

Unsatisfactory work performance can occur in a number of ways. It can include the failure to complete work assignments or correct errors in a reasonable amount of time, inability or unwillingness to learn new tasks or skills or to work well with other employees and customers. Whatever form it may take there are definite negative impacts on your business if you fail to take action as soon as you are aware of an issue. However it is clear that ignoring the issue will only make things worse.

In order to effectively manage performance, both good and poor, every business must have a documented Performance policy/process that clearly sets out the performance required within each role and across the business generally.

Communication, two way, open and honest is the basic platform on which a high performing culture can be built. Consistent, fair and equitable application of standards, regular discussions, consistent feedback and an understanding that the business is committed to optimising, encouraging and rewarding good performance also plays a critical role. However I am sure you will agree that many business owners and managers find it easier to address and reward good performance than to address and correct poor performance. Why is this?

Why Do Some Managers ignore Poor Performance?

This is a really good question, asked by Jill Christensen – an employee engagement expert, best-selling author, and keynote speaker – on LinkedIn. Here are the top 4 answers (in order of popularity) and a summary of some of the comments made about each:

Business owner and management failure – Managers fear that termination is the only solution (and finding a replacement may be difficult), so the business owner needs to give them ways of improving performance. Business owners allow Managers to ignore poor performance. There isn't enough "authentic leadership" to ensure that issues are dealt with.

They don't know how – Managers are not equipped to handle workplace conflict resolution. Managers lack the skills, courage, or confidence to address the issue of poor performance, and do not know how to address it properly and completely. Managers do not have experience in how to mentor people to improve performance.

Fear – Managers, like other people, dread having difficult conversations. They fear conflict, damaging relationships, and exposing themselves to the judgment of others above and below. Managers, like many others, avoid conflict.

It takes work to manage performance and follow through as necessary. – It's just too much work to address poor performance. Meetings, feedback, documentation seem too hard. It is much easier to ignore it and invest the effort to ensure that other team members pick up the workload

The impact of taking no action and continuing to ignore poor performance

Every individual's performance contributes to organizational performance

If an employee is not completing their tasks at the expected levels of quality, accuracy and timeliness then the business and more importantly the customer will soon feel that "things aren't right"

- The rest of the team will pick up the slack and will inevitably work longer hours and lose motivation as the poor performing employee continues in their ways with no intervention from management.
- Not handling poor performance undermines your own role as a Business Owner

- Continuing to fail to address poor performance can drive your best employees to become disillusioned and disengaged, finally leaving the business

The benefits of early Intervention

If you intervene when an employee's performance first becomes unacceptable, the discussions may serve as a wake-up call. Most poor performance issues can be resolved through early and effective communication between an employer and the employee. The employees may not even be aware of the change in their performance. Regardless, when an employee's performance first starts to slip, they are more likely to be open to discussing what needs to be done to improve performance. Working with poor performers earlier means employers can help employees improve without the negative consequences of threatening their jobs or taking other disciplinary action.

More importantly, simply by being proactive and addressing performance problems, employers signal to all employees that your business does not tolerate poor performance.

If you found yourself agreeing to any of these challenges and you would like to know how to fix them then it's simple – just contact SJB Business Consulting ...and let's get it sorted.

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