

Brian Tracy

HOW YOU CAN START, BUILD, MANAGE, OR TURNAROUND ANY BUSINESS

**For executives,
business owners,
managers and
decision makers.**

Save thousands of dollars and years of hard work by learning the key methods, techniques and practices of all successful businesses and all self made millionaire.

Over 500 ideas you can use to increase profits, boost sales, cut cost and improve performance in every area of your business, large or small.

This powerful practical “Mini-MBA” will show you how to build a successful business, starting today!



Introducing Brian Tracy



Brian Tracy is Chairman and CEO of Brian Tracy International, a company specializing in the training and development of individuals and organizations.

Brian Tracy has consulted for more than 1,000 companies and addressed more than 5,000,000 people in 5,000 talks and seminars throughout the US, Canada and 53 other countries worldwide. As a Keynote speaker and seminar leader, he addresses more than 250,000 people each year.

He has studied, researched, written and spoken for 30 years in the fields of economics, history, business, philosophy and psychology. He is the top selling author of 70 books that have been translated into 38 languages.

Brian has written and produced more than 400 audio and video learning programs, including the worldwide, best-selling *Psychology of Achievement*, which has been translated into more than 27 languages.

He speaks to corporate and public audiences on the subjects of Personal and Professional Development, including the executives and staff of many of America's largest corporations. His exciting talks and seminars on Leadership, Selling, Self-Esteem, Goals, Strategy, Creativity and Success Psychology bring about immediate changes and long-term results.

Prior to founding his company, Brian Tracy International, Brian was the Chief Operating Officer of a \$265 million dollar development company. He has had successful careers in sales and marketing, investments, real estate development and syndication, importation, distribution and management consulting. He has conducted high level consulting assignments with several billion-dollar plus corporations in strategic planning and organizational development.

He has traveled and worked in over 90 countries on six continents, and speaks four languages. Brian is happily married and has four children. He is active in community and national affairs, and is the President of three companies headquartered in Solana Beach, California.

Brian is a founder, investor and Chief Learning Officer of iLearningGlobal.tv, the preeminent online Business Training portal in the world.

To learn more about Brian Tracy, please visit his website at www.briantracy.com.

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By Brian Tracy

SECTION 1	
Back to Basics for Profit Improvement	4
SECTION 2	
Marketing Strategy – The Key To Success	15
SECTION 3	
Making Your Advertising Pay Off	23
SECTION 4	
How To Sell More, Better, Cheaper, Faster	30
SECTION 5	
Corporate Strategy – Foundation of Business Success	50
SECTION 6	
Financial Planning for Solid Growth	60
SECTION 7	
The Challenge of Leadership	73
SECTION 8	
Achieving Personal Excellence	91

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IF YOU THINK...

"If you think you are beaten, you are;
If you think you dare not, you don't;
If you'd like to win, but you think you can't,
It's almost a cinch you won't;
If you think you'll lose, you've lost,
For out of the world you'll find
Success begins with a fellow's will--
It's all in the state of mind."

"Full many a race is lost
Ere even a race is run,
And many a coward fails
Ere even his work's begun.
Think big, and your deeds will grow,
Think small and you fall behind,
Think that you can, and you will;
It's all in the state of mind."

If you think you are outclassed, you are;
You've got to think high to rise;
You've got to be sure of yourself before
You can ever win a prize.
Life's battle doesn't always go
To the stronger or faster man;
But sooner or later the man who wins
Is the fellow who thinks he can."

Anonymous

PROFIT IMPROVEMENT STRATEGIES FOR TODAY'S BUSINESS LEADERS

Introduction

This manual contains the most valuable information on operating a successful business and "making money" learned in over twenty years of business experience. Almost anyone can use these ideas, methods and techniques to improve their money-making abilities. All successful individuals and organizations practice these concepts continuously. That's why they are successful.

In reality though, both success and riches begin with a state of mind. Wealth is more psychological than physical. Productivity and high performance are more spiritual than mechanical. What happens **inside** you determines what happens **to** you.

Intense **desire** is the starting point of all riches. Intense desire is absolutely essential because of the numerous setbacks, obstacles, problems and difficulties you face when building a business in a competitive economy.

It is also necessary to have burning, compelling **goals** to which you are committed. Every study of outstanding business success proves the importance of setting clear, measurable, time-specific goals and working toward them progressively.

Belief is the third ingredient essential to success; belief in yourself, belief in the value of your product or service, belief in your mission and your destiny in life. You must develop a deep inner conviction about your destiny in life. You must develop a deep inner conviction that you are a success and that you will realize your dreams and aspirations.

Finally, **patience** and the ability to delay **gratification**, to sacrifice in the present for rewards in the future, to save your money and work long hours, to go the extra mile, to "keep on keeping on" in the face of discouragement and defeat - all these are required for success.

If you follow the guidelines in this manual and refer to them on a regular basis, you will be able to plan, organize, change direction, develop creativity, remain flexible and move step-by-step toward business success and financial independence.

In the final analysis however, it is not what you do but **who you are** that makes all the difference.

The Opportunity

We have now entered into the "age of the entrepreneur." More new businesses are being formed today than at any time in history, and the rate is accelerating. People are becoming millionaires at the rate of about **one** every 58 minutes in North America. In the years ahead, there will be more opportunities for business success in our society than ever existed before. The richest rewards, as always, will go to those who find themselves in the situation where "preparation meets opportunity."

This course is designed to help you get onto the fast track in your business career, to help you be among those who "make a million" in the years ahead.

Objectives of this Course

There are three reasons why new businesses fail: 1) lack of money; 2) lack of knowledge; 3) lack of support. This course is aimed at providing you with the knowledge necessary for you to gain the support and money you require.

We know from the lessons in "In Search of Excellence" that the way to succeed as a large company is to think and act like a small, flexible, entrepreneurial company. The way to succeed as a small or medium-sized company is to think and use the same tools and strategies used by large companies. This course will enable participants to practice the best of both worlds.

SECTION 1

BACK TO BASICS FOR PROFIT IMPROVEMENT

Business is an art as well as a science and a matter of practical experience, judgment, foresight and luck. To be successful in business, we must never forget the basics.

Back to Basics

1. The role of business in a free society is to organize and coordinate the factors of production to produce the goods and services that people want at prices they are willing and able to pay.
2. The wants, needs and desires of the customers determine and direct business activity. Individuals and corporations which satisfy the customers are the ones that grow and prosper.

Corollary: If a company is **not** growing and prospering it is because it is not satisfying it's customers in sufficient quantity, for whatever reason.

3. Customers always want the very most for the very least. In this, they are selfish, demanding, ruthless and disloyal.

They will abandon a supplier or vendor whenever they feel they can be served better elsewhere.

Customers always make rational decisions, i.e. they are always right. They patronize those individuals and businesses that serve them the best.

Corollary: In a dynamic market, there are always opportunities for those who find new, better, faster, cheaper ways to serve customers with what they want.

4. As long as there are customer needs unmet or a better or cheaper way to meet them, there are money-making opportunities for the creative enterprising minority.
5. There are always business opportunities for those who are willing to:

- A) Lower their demands (prices or wages);
 - B) Restructure their offerings (new products or services);
 - C) Change their customers.
6. The purpose of a business is to create a customer.
- Profits are the **result** of creating **enough** customers and serving them satisfactorily at prices above total costs of production and distribution.
7. It is not what producers produce but what customers prefer that determines economic activity and economic rewards.

Corollary: Customers pay all wages, **not** corporations.

Corollary: Everyone has at least **one** customer.

8. The key to business success has always been:

"Find A Need And Fill It."

Corollary: You can have everything **you** want in life if you just help enough other people get what **they** want.

9. Your success will always be determined by:

- A) What you do;
- B) The demand for your product or service; and
- C) The difficulty of replacing you.

Corollary: You will always be rewarded in direct proportion to the value of your services to others — as **they** estimate it.

10. If you wish to earn more, you must concentrate on increasing the value of your service. The focus on **outward** contribution is the hallmark of effective men and women.

The **Law of Laws** is the Law of Compensation, the Law of Sowing and Reaping, the "Iron Law" of human destiny.

11. The market only pays superior rewards for superior goods and services; average rewards for average goods and services.

Business success comes from developing excellence in a particular, market related area.

12. Successful people are those who make a habit of doing what failures don't like to do.

The master-key to riches is self-discipline, doing what is necessary to achieve your goals.

Seven Personal Qualities That Assure Success

1. You must **know** yourself and know exactly what it is you want. Goal-orientation is an essential requirement of all successful people.
2. You must determine the price you will have to pay and then resolve to **pay that price**.

Everything worthwhile has a price that must be paid – in advance. There is no such thing as something for nothing.

3. You must **accept 100% responsibility** for your life and everything that you **are** or **will** ever be.

"If it is to be, it's up to me!"

4. You must make a **total commitment** to your success. Burn your bridges; never think of turning back.
5. You must be **willing to work hard**, to go the extra mile, to always do more than you're paid for.
6. You must **use your time well**, every minute, every hour, every day. This life is **not a rehearsal** for something else.

"Think about your success all the time; you will always tend to move toward the realization of your dominant thoughts."

7. Back your plans with **determination and persistence** and resolve **in advance** that you will never give up.

"Try Harder."

Entrepreneur vs. Intrapreneur

Just as there are expanding opportunities today for entrepreneurs, there is a growing demand for "Intrapreneurs."

Entrepreneurs — Those who start businesses and accept the risk and uncertainty in exchange for independence, freedom, and potentially high rewards.

Intrapreneurs — Those who work within large corporations and use their creativity to develop new products, processes, services for their companies.

There are tremendous opportunities for both types of personalities.

Seven Common Characteristics of 83 Self-Made Millionaires

1. They never set out to become rich;
2. They became totally **absorbed** doing something they really enjoyed;
3. They specialized and became very good at their work;
4. They were eventually paid very well;
5. They were not speculators or risk-takers; they held onto the money as they earned it;
6. Most became millionaires almost unknowingly;
7. They did not make their money investing.

The conclusion that researchers reached after 20 years of study was simply this:

"You will always be most successful doing what you most enjoy."

- A) Know what you are doing; become excellent in your chosen field;
- B) Believe in what you are doing;
- C) Love what you are doing.

Five Key Abilities of Successful Business People

1. Judgment — Wisdom acquired through experience and reflection, especially making mistakes and learning from them;
2. Foresight — The ability to see the big picture, to anticipate trends and results;
3. Leadership — The ability to inspire, to elicit extra-ordinary performance from ordinary people;
4. Communications — The ability to interact effectively one-on-one to make presentations to groups, to communicate on paper;
5. Sales Ability — The ability to influence, persuade, motivate people to act in a certain way.

All these qualities are learned and can be learned by an ambitious, determined individual.

Career Advancement Strategies

- "Niche Strategy"
- Critical Environments
- Weakest Link/Pillar

1. Purpose of a business?

- To create and serve a customer efficiently and economically.

2. Cash flow is the lifeblood of a business.

- Comes when a business has delivered a satisfactory product or service to a customer who is willing and able to pay.

3. Any **interruption** to cash flow can threaten the survival of the enterprise.

4. The **corporate strategist** is one who clearly identifies the most important function in the company's operations as it effects flow and survival.

5. Marketing

- Usually number one - sales volume and competitive response.

Finance

- Especially banking relationships and venture capital sources.

Production

- Quality, continuity, volume.

Distribution

- Timely, marketable condition, economical.

Research

- Development - New products, processes, responses to competition.

Regulatory

- Government legislation at all levels.

Labor

- Especially union relations, personnel policy training, organizational development.

6. **Knowledge is power:** Specialized knowledge or skills in a vital area enhance promotability.

7. Control of vital information is power - learn all you can. **Never tell all you know.**

8. Strive for excellence in your chosen niche - quietly!

Reasons for Business Failure

1. Lack of direction

- Failure to establish specific goals and plans to achieve them;
- Lack of complete business plan.

2. Impatience

- Trying to accomplish too much too soon.

3. Greed

- Trying to "cream" the market, make a quick killing, become an instant millionaire.

4. Action without thinking

- Impetuosity.

5. Poor cost control

- Overspending, especially at beginning.

6. Poor quality of product

- Difficult to sell; difficult to get repeat business.

7. Insufficient working capital

- Expectations of immediate positive cash flow;
- Six months minimum should be provided.

8. Bad or non-existent budgeting

- Failure to develop pro formas and budgets for operations.

9. Inadequate financial records

- Failure to set up bookkeeping or an accounting system at the beginning.

10. Loss of momentum in sales department

- Leads to loss of cash flow and collapse of the enterprise.

11. Failure to anticipate market trends

- Changes in demand, consumer preference, economic situation.

12. Lack of managerial ability or experience

- Not knowing or understanding the important details of the business.

13. Indecisiveness

- Inability to make decisions in the face of difficulties;
- Decisions delayed or improperly made because of concern for people.

14. Bad human relations

- With staff, suppliers, creditors.

15. Diffusion of effort

- Lack of priorities;
- Going off on tangents.

Reasons for Business Success

1. Product or service well suited to the needs and requirements of the current market.
2. Complete business plan developed before commencing business operations.
3. Complete market analysis followed by development of advertising promotion and sales programs.
4. Tight financial controls, good budgeting, accurate bookkeeping and accounting – frugality.

5. High degree of competence, capability, integrity on the part of key staff.
6. Good internal efficiency, time management, job descriptions, clear and measurable output responsibilities.
7. Determination, persistence and patience on the part of business principles.
8. Good communication among staff – open-door policy.
9. Strong momentum in sales department and emphasis on marketing.
10. Concern for the customer at all times is a top priority.

Focusing on Your Goal

1. List five jobs or full-time activities, paid or unpaid, that you have done in your life. List the first five that come to mind:

1. _____
2. _____
3. _____
4. _____
5. _____

2. Now write down what you enjoyed most about each job or full-time activity. Write quickly.

Job No. 1 _____

Job No. 2 _____

Job No. 3 _____

Job No. 4 _____

Job No. 5 _____

3. What did you do best in each job or activity?

No. 1 _____

No. 2 _____

No. 3 _____

No. 4 _____

No. 5 _____

4. What was your major accomplishment in each job?

No. 1 _____

No. 2 _____

No. 3 _____

No. 4 _____

No. 5 _____

5. List five activities, experiences, events or situations in your life that have given you immense personal satisfaction, a feeling of importance, of self-liking and self-worth.

No. 1 _____

No. 2 _____

No. 3 _____

No. 4 _____

No. 5 _____

6. If you could have any job or be in any business, what do you think you would enjoy the most?

7. How much do you want to be earning in: 1 – 3 – 5 – 10 years?

In one year _____

In three years _____

In five years _____

In ten years _____

8. What one great thing would you dare to attempt if you knew you could not fail?

SECTION 2

MARKETING STRATEGY – THE KEY TO SUCCESS

The purpose of the business is to create customers. The success or failure of the marketing effort determines the future of the company. Marketing is the process of determining customer needs and then tailoring the product or service to satisfy these needs.

How to Find a New Product or Service

1. Begin with yourself - your own talents, abilities, experience, knowledge, interests, background, etc.

Look carefully at your current work, business, position, product or service.

Seek for your own "Acres of Diamonds."

2. Look for a product or service about which you can really become enthusiastic. You will be most successful doing something or marketing something that you really love.
3. Look for something that is an improvement on an existing product or service – not something brand new:
 - Cheaper, better quality, additional features or functions;
 - An idea need only be 10% new and better to capture substantial market share.
4. Don't look for easy money, gimmicks, get-rich-quick schemes, rewards without working. There aren't any!
5. Newspaper stories, articles, advertisements in U.S. publications.
6. Trade Magazines - In your field of knowledge.
7. Trade shows.
 - You need only a business card;
 - Present yourself as a retail buyer.

8. Friends - Tell them you are looking for new product ideas.
9. *Entrepreneur, Success*, other business magazines.
10. Foreign publications - *Made in Europe*.
11. Your own field or skills - You may have a million-dollar idea in your own mind.
12. Travel - Keep your eyes open for opportunities.

Note: Your objective is to acquire the rights to sell a product or service in your market area.

Often, this proprietary right is available for the asking.

13. Keep your eyes and ears alert to new business opportunities occurring around you.
14. You will only be successful marketing and selling something that you believe in and use yourself and would recommend to your best friend.

How to Do Fast, Cheap Market Research

Before embarking on any new business venture, considerable time must be spent in research. The pay-off will be in excess of 10:1 in the time and money saved or earned.

1. Find out every detail of the product or business.
2. Read trade magazines, articles, stories on the business, industry or occupation.
3. Seek out people in the same business and ask their opinion of the product or service.
4. Ask your bank manager for his opinion or advice.
5. Ask your friends, family, acquaintances for information.
6. Visit prospective customers for the product or service and ask if they would buy it? Could they sell it?
7. Research all competitors for the product or service. Ask, "Why would someone **switch** to buy from me?"

8. When considering a business that is for sale, find out **why**. Very few people will sell a successful business.
9. Be suspicious, wary. Develop a cynical, pessimistic attitude and accept nothing on **faith**. Look for the "Fatal Flaw."
10. Look at the business as though you were going to be in it for 20 years. The long-term perspective sharpens the short-term.

Finally, seek out and listen carefully to people who are **negative** toward your idea.

Their viewpoints can be invaluable and save you a fortune in time and money.

How to Test Market a Product or Service

1. Make a prototype; create a sample.
 - You can show it, demonstrate it, photograph it.
2. Get accurate prices and delivery dates from suppliers.
3. Get a buyer's personal opinion.
 - Approach a prospective customer and ask him whether he would buy it and at **what price?**
 - Call on the individual who makes buying decisions.
4. Compare your product with other products on the market.
 - Why would someone buy from you instead of another?
5. Try a one-store test - A one customer test.
6. **Trade Shows — 5,000 per annum.**
 - Sophisticated buyers will tell you whether or not you have a winner.
7. Ask your friends, relatives, yourself, if you or they would buy or use the product or service.
8. Request a firm commitment.

Avoiding Marketing Myopia — Key Questions

1. What exactly do you sell?
2. What **need** of your customers does it satisfy?

Fear or Loss	Prestige
Desire for Gain	Admiration
Self-Preservation	Success
Safety	Health
Security	Riches
Recognition	Power
Net Profits	Companionship
Increased Sales	Knowledge
Lower Costs	Influence
Self-Actualization	Acceptance
Social Status	Self-Esteem
Popularity	Pleasure
Self-Expression	Other

People act to improve their conditions. In what way does your product improve the life or work of your customer?

3. **Who** exactly is your customer? (Age, Income, Occupation, Education, Interests, Family, etc.)

4. **Where** is your customer? (Greatest concentrations)

5. How does your customer normally purchase your product? Through what marketing channels?

6. Why does your customer purchase your product? What benefits does he/she seek?

7. Who is your competition?

8. Why does your customer buy from your competition? What benefits does your customer perceive?

9. Why would (should) your customer switch from your competition and buy from you?

10. List 5 to 10 reasons why someone should purchase your product or service:

- | | |
|----------|-----------|
| 1) _____ | 6) _____ |
| 2) _____ | 7) _____ |
| 3) _____ | 8) _____ |
| 4) _____ | 9) _____ |
| 5) _____ | 10) _____ |

11. What is your area of excellence, your competitive advantage? What could it be?

12. With what customers could this make an important difference?

13. **Market Niche, Market Segmentation:** Is there a part of the market that you could dominate or specialize in?

14. What one major obstacle stands between you and the marketing success you desire?

Opportunity Gap Analysis

1. What **other ways** could you sell this product?
2. What **additional customers** are there for this product?
3. How could you modify your existing products to make them more attractive to your customers?
4. What non-customers could you develop for this product?
5. What new products do your customers want?

Marketing Plan — Four Fundamental Parts

1. **Product** — Exactly what product are we going to sell to this market?
2. **Price** — How are we going to price the product?
3. **Place** — Where are we going to sell this product at this price?
4. **Promotion** — How are we going to promote this product, at this price, at this place?

Creative marketing comes from continually questioning the existing situation, looking for ways to alter the "marketing mix" (Product, Price, Place and Promotion) or to add new products, services or combinations.

Opportunity Gap Analysis – Distribution Channels

1. What additional methods of distribution exists for your product?

2. What additional products could you distribute through your existing channels?

3. What new products could you develop for your existing channels?

4. What new markets exist for your products and your distributor channels?

5. What additional products could we produce with our existing facilities? Staff? Knowledge and abilities?

SECTION 3

MAKING YOUR ADVERTISING PAY OFF

Everything counts! Every time your company, its products, services, people, written or promotional materials come in contact with your customers or prospective customers, it leaves an impression, positive or negative.

A well-planned promotional strategy is coordinated and aimed at building the image and credibility of the company with each exposure.

Credibility is the vital ingredient to assure success in the market place. People must **believe** you and your company with each exposure.

Some of the more obvious parts of your public image are:

1. **Company Name**

Should be chosen carefully, to convey a message. Small companies should clearly state the type of business in the name. Larger companies with established markets can use generic names.

Modern companies can select names that suggest an image and a vision of where they are going to be in the future, especially when entering a market with established competition.

2. **Stationery, Business Cards, Logos**

Should clearly state what business you are in and possibly mention products or services available.

3. **Offices — Locations**

Not that important on the down side but impressive if in a well-respected building or area.

Remember, you are in business to create a customer and every dollar spent to communicate with your world should be "selling" in some way.

Advertising Budget Reminders

1. Advertising is an investment - with an expected return.
2. Determine how much you can afford to lose.
3. Determine your high, medium, low rates of return.
4. Always pay cash for your advertising.
5. If it doesn't work, stop doing it. Cut your losses.
6. Advertising is an inexact science, an unavoidable cost of doing business.

Four Ways to Set Advertising Budgets

1. Percentage of sales/forecast — based on historical patterns.
2. Percentage of sales achieved — retrospective.
3. Fixed amount per unit.
4. Task method — costing all forms available.

Advertising Media for Best Results

1. Newspaper;
2. Radio;
3. Direct Mail;
4. Home Flyers;
5. Magazines;
6. Trade Publications;

7. Transit Advertising;
8. Outdoor Signs;
9. Internet.

Seven Tips for Better Newspaper Advertising

1. Determine exactly **what** is to be sold.
2. Determine to **whom** it is to be sold.
3. Determine what action you want your customer to take as the result of this advertisement.
4. What benefits will you offer to cause your customer to take action?
5. Keep one theme dominant – each advertisement should make a specific proposition to the buyer.
6. Aim the advertisement at some **existing** desire or need of the customer.
7. Use straight forward, honest language that captures attention, creates interest, arouses desire and asks for action of some kind.

Six Pointers on Direct Mail Campaigns

1. Direct mail allows you to target your market.
2. **Lists are available** — Your customers, other customer lists, standard rates and data direct mail lists, list brokers, Dunn & Bradstreet and industry associations.
3. Self-mailer versus envelope - when to use.
4. Response rates – measuring and tabulating.
5. Assessing results.
6. Repeat mailings.

Direct Mail Do's and Don'ts

1. Keep it simple; **ugly** direct mail works best.
2. Capture attention fast — with benefits.
3. Use pictures, testimonials, descriptive language.
4. Describe the details of your offer and how they will benefit the customer.
5. Make it easy to reply; have an "**Act Now**" offer.
6. Put your name, address, telephone number, email, web address everywhere.
7. Market in concentric circles for retail.
8. Test your ad for readability and credibility.

Radio Advertising that Sells — Seven Points

1. Make it meaningful, stimulating, easy to listen to and believable.
2. Present one main idea, emphasize benefits, "You."
3. Give facts, not generalities.
4. Use vivid words, keep a brisk pace, end with a "bang."
5. Test your ad, does it cause people to say, "That's for me!" Does it sell you?
6. 75 words maximum for 30 seconds; 150 words maximum for 60 seconds.
7. Keep prices and numbers to a minimum and repeat key details.

Home Flyers and Mail Drops

1. Relatively inexpensive, blanket your area.
2. Shotgun form of marketing.
3. Should be evaluated carefully to assess effectiveness.

How to Get Free Publicity

1. If you want publicity, ask for it.
 2. **Publicity Release** — press release - to every relevant media.
 - “Letter to the Editor” on your stationery;
 - 100-word description of your product or service - double spaced;
 - Good photo of your product in use;
 - Short, factual description;
 - Use a good 3 to 4 word headline;
 - Send P.R. releases to magazines;
 - Put most important information early in release;
 - Rule of declining importance.
 - "Informative news release," not an advertisement.
 3. "Is it news?" Give it an interesting twist.
 4. **Pinpoint Your Audience — Specific vs. General**
 - To whom does your product appeal?
 5. What media should you contact? (Standard rates and data)
-

6. Working tools — **Good letterhead; clear, crisp copy.**
7. Send a photo of your product in use.
8. Direct mail.
9. Radio talk show — use fact sheet for the announcer.
10. Television — create a 10 to 12 question fact sheet to act as prompters for the host of the show.
11. Don't try to be an entertainer — sell with good information.
12. Offer something **FREE** to the audience – self-addressed, stamped envelope.
13. Leave your brochure, your address card and any other information.

Promotion Via Multi-Level Marketing — Six Considerations

1. Multi-level marketing organizations work on a very simple set of principles.
2. MLM's reduce the number of intermediate stages between the manufacturer and the consumer.

Manufacturer – Jobber – Wholesaler – Retailer – Consumer

vs.

Manufacturer – Distributor - Consumer

3. Commission structures vary from 15% to 50%, depending on the total volume.
4. Distributors sponsor or recruit other distributors in order to increase gross volume for higher discounts.
5. Key Considerations:
 - A) Quality products - good reputation;
 - B) Fair prices - compare favorably with competition;

- C) 100% Unconditional refund guarantee;
 - D) Small or nil inventory requirement;
 - E) Prompt delivery and efficient internal bookkeeping;
 - F) Strong support organization;
 - For training, product knowledge, motivation, personal development.
 - G) Honesty and integrity;
 - Good reputation of parent.
 - H) Products should be consumable - leading to reorders and repeat business.
6. Main advantages and positive features.

For little or no investment, you can start a part-time business as a multi-level marketer, selling to your friends and relatives at first, then building a customer base.

Many enterprising men and women have built substantial second incomes and even achieved financial independence with multi-level marketing organizations.

SECTION 4

HOW TO SELL, MORE, BETTER, CHEAPER, FASTER

"Nothing happens until a sale takes place."

In the modern world of business and commerce, the ability to generate sales is the indispensable prerequisite for success of all competitive enterprises. It is the effectiveness of the salespeople that determines whether companies, industries and even countries will decline or prosper.

Selling is an honorable profession. Salespeople are the forerunners of progress, development and growth the world over.

It is salespeople who ultimately generate the markets for almost all other skills: blue collar, technical, middle-management and professional.

It is salespeople who open new markets and generate demand for land, labor, raw materials and capital. When sales stop, businesses also slow down and grind to a halt.

Everyone is in the business of selling. Each time we attempt to influence another person, we are "selling." The only question is, "Am I good at selling or not?"

Five Cardinal Rules for Selling Anything

1. The product or service must be suited to the market, competitively priced and vigorously promoted.
2. People buy benefits, not products.
3. The product or service must satisfy a need or want of the customer.
4. The customer must believe the salesperson, trust the company and be convinced that the product is the best for him under the circumstances.
5. The prospect must be willing and able to pay for the products and have a sincere desire to enjoy the benefits of the product.

Seven Characteristics of a Top Salesperson

1. He has above average ambition and motivation to sell;
2. He is a self-starter; he acts on his own initiative;
3. He is a doer rather than a talker; he is an action person;
4. He cares about people and is fascinated by them;
5. He has a unique ability to turn strangers into friends quickly;
6. He gives good service to his customers and stays with them;
7. He is a helper; he is always willing to help other salespeople and his customers.

PERSONAL MAKE-UP:

Enthusiasm	51%
Empathy & Understanding	25%
Manners & Charm	10%
Fun	7%
Product Knowledge	7%

How to Sell More — Four Step Formula

Most salespeople are not sufficiently trained in the methods of professional selling. At least 95% could sell much more of their product or service if they learned to plan their sales activities in advance - and then stick to the plan.

The basic sales process is referred to as "A.I.D.A."

1. Attention

Getting the prospect to stop doing or thinking and pay attention to your message.

This step is best accomplished by a question or statement that refers to a benefit or advantage the prospect would like to enjoy.

2. Interest

Showing or explaining how your product or service functions or operates — whether it is new, cheaper, or different. This is where you focus on features.

3. Desire

Arousing the desire to own, use, enjoy your product or service by enumerating the benefits he/she will enjoy.

"Features arouse interest; benefits arouse desire..."

4. Action

Eliciting a buying decision, overcoming hesitation, procrastination and indecisiveness. The close of the sale is the natural conclusion to an organized sales presentation and takes place only when sufficient buying desire has been aroused.

Five Questions to Answer in a Sales Presentation

1. Why should I listen to you?
2. What is it?
3. Who says so?
4. Who did it?
5. What do I get? (What's in it for me?)

The secret to successful selling is to ask questions, probe, listen and find out what the prospect wants or needs to accomplish, his/her "hot button," and then begin showing how your product or service can enable the prospect to get what he/she wants.

Approaching the Prospect

An ongoing analysis of your product and your market will give you a continuous stream of new prospects and prospect groups to call on.

Your first contact with the prospect begins the process which will or will not conclude with a sale. Therefore, every word in your approach or introduction must be planned in advance to accomplish the following:

1. Break the **preoccupation** of the customer.
2. Offer a solution to the customer's problems.
3. Deal with the purpose or idea of the product.

Your first selling job in the sales process is to sell the customer on the idea of listening to you; to overcome natural buying resistance. (You have about 30 seconds.)

Before the prospect will relax and listen to you, he wants to be assured:

- A) You have something important to communicate;
- B) You're talking to the right buyer (qualify);
- C) Your visit will be short;
- D) You will place the customer under no obligation;
- E) You will not use high pressure.

Closing on Telephone Appointments

1. Talk to the right buyer — qualify.
2. Open with a question aimed at the idea or result of your product.
3. Be polite, respectful and firm — but don't argue.
4. "You be the judge" — no high pressure.

5. Sell the idea, the purpose, the main benefit or result.
6. Refuse to discuss your proposition over the telephone.

"I have an idea for you that could save you a lot of money."

(Remember, when you call to make an appointment, you are only selling the idea of the appointment, not your product — don't confuse the two.)

7. Refuse to mail information — offer to drop it off personally.
8. Nail down the time right **then** — be assertive but polite.
9. Smile into the phone; breathe deeply; relax.
10. Thank him/her for his/her time; repeat the time and day of the appointment.

1. Attention — Setting the Stage

Immediately prior to the sales call, take a few moments by yourself and create a clear mental picture of a smooth, successful sales call. "See" the prospect responding to you in a positive, friendly, interested manner.

When you arrive for your appointment, refuse to make your presentation standing up or in the reception area.

"What I have to discuss with you is very important; if you're too busy right now, perhaps we could set another time that would be more convenient."

Shake hands firmly; Look him/her in the eye; Thank him/her for his/her time and say...

"It's a pleasure to meet you; I think you're going to be very happy with what I have to show you."

Begin creating an atmosphere of positive expectancy....**IMMEDIATELY.**

The suggestive influence of a calm, confident, relaxed, positive salesperson is very powerful.

2. Interest — The Sales Presentation

The second phase of the selling process begins when the salesperson and the customer have established a certain degree of rapport.

The approach of the opening has begun the process of **qualifying** the customer. In describing the **features** of the product during the interest phase, there are two objectives:

1. To further qualify the prospect;
2. To determine exactly what particular features of the product or service offered are the most important to the customer.

The Planned Presentation

All top sales professionals use a planned, orderly presentation. The planned presentation is a step-by-step process of teaching and learning.

- The salesperson **teaches** the prospect how his needs can be met with the product;
- The salesperson **learns** which benefits of the product or service are of the greatest value to the customer.

The presentation begins by attempting to identify the needs of the customer that the product can fill.

- This is the qualification stage.

The best way to qualify the prospect is by using planned questions that elicit specific information.

Before product information can be presented, the needs of the prospect must be determined.

Listening Skills

1. Face the prospect, lean forward, listen attentively.
2. Pause before replying or continuing; use silence to encourage the prospect to talk.
3. Question for clarification – "How do you mean?"
4. Relax, take it easy, stay calm – focus your attention on how you can help this prospect get something he/she needs.
5. Use closed-ended questions to help the prospect give a firm answer.

Presentation Methods

1. The presentation should move from the general to the particular in a logical order (ascending close).
 - Present your product features in order of descending importance.
2. Get the prospect involved; keep him/her involved.
 - Hand him/her things; ask him/her to move; ask questions.
3. Use visual sales aids – they are 15 times more powerful than words.
 - Remember, telling is not selling.
4. "Because of this" **Product Feature** — Wide Screen

"You can" **Product Benefit** — See Better

"Which means" **Customer Benefit** — Greater Enjoyment
5. Begin **Trial Closing** early in the presentation.

The Trial Close (Check Close)

This close is used throughout the sales presentation to indicate to the salesperson how well he/she is doing and to build a buying readiness in the mind of the customer.

An advantage of the close is that a "No" is only partial and does not end the sales presentation.

Examples

"Does this make sense to you so far?"

"Is this a reasonable estimate? Projection? Conclusion?"

"Are we right so far?"

"Would this be an improvement on your existing situation?"

3. Desire — Overcoming Price Resistance

No one can ever afford anything the first time the price is mentioned, and it's always more than they expected. Willingness to pay and ability to pay are two separate issues. Your job is to convince the customer that the value of the product is far greater than the cost.

Price resistance is how the prospect tells you that you haven't given him enough evidence that the benefits will outweigh the price.

Seven Points on Handling Price Objections

1. Do not mention price until the customer asks the price;
2. Always focus your presentation on the value he/she receives;
3. Always justify the price with sound reasons;
4. Never discuss price without mentioning value and benefits at the same time;

5. Intensified buying desire reduces price sensitivity;
6. Compare the price with more expensive articles — "Compared with what?"
7. Stretch the price over the life of the product.

Money and Price Objections – How to Handle Them

1. "We just can't afford it right now; business is bad."

Answer: Rarely true.

(Real reason is probably that desire has not been aroused enough.)

2. "Short of cash."

Answer: Offer terms or work a deal for them.

3. Budget Limitations

Answer: Offer delayed billing into next budget period; or offer cheaper product; or try to get budget expanded.

4. Price above customer's expectations (A L W A Y S!)

Answer: Lead him to forego something else to purchase your product.

Close: "Mr. Prospect, our product is priced very competitively in a very tough market and as you know, you always get what you pay for. Isn't that what you really want?"

5. Customer thinks your product is too expensive.

Answer: Use market data; comparisons to show him/her that your prices are fair and competitive.

Close: Describe the price of your product by breaking it down to its smallest common denominator.

- Per day, per hour, per unit;
- Compare it with a cup of coffee or a loaf of bread.

6. Competitor Price Comparison

- Show the customer the value differences in your product; the REASONS for price.

The Invitational Close

Issue a direct or indirect invitation. After presenting your product information, ask a question that denotes a purchasing decision.

Examples

1. Why don't you give it a try?
2. Why don't you take it (buy it)?
3. When would you like to take delivery?
4. What color (size, quantity) would you like?
5. Would you like us to start on this right away?
6. Are you in a rush, or would Tuesday be all right?

Closing on Objections

There are no sales without objection; they indicate interest and tell the salesperson how he/she is doing the presentation. There are basically **Six Objections** to any product or service offering; your job is to identify these six objections and plan logical answers to them.

"Objections are the rungs on the ladder of sales success."

How to Handle Objections Professionally

1. Determine whether or not it is a condition – a genuine reason that makes it impossible for the prospect to buy.
2. Hear the objections out completely; don't interrupt.
3. Ask for elaboration to clarify the objection:
 - A) "How do you mean?"
 - B) Feed it back — "As I understand it, your question is... "
4. Compliment on the objection:

"That's a good question."

"I understand exactly how you feel."

"Others felt the same way, this is what they found..."
5. Provide evidence or proof to back up your answers.
6. Be agreeable; be respectful of your customer's views.
7. Confirm the customer's acceptance and then proceed to the next point in your presentation.
8. Remember, you are there to make a friend, to convince him/her you are acting in his/her best interest so be modest, friendly, calm, open and responsive.
9. **KNOW YOUR PRODUCT** inside and out.

Nine Common Objections and How To Deal With Them

"Objections are the rungs on the ladder to success."

"Objections indicate the hidden motives that lie behind buyer resistance."

1. Unspoken Objections

- Let the customer talk more; encourage expression; focus on the customer's situation and problems.

2. Excuses

- Best left unanswered or put off until later;
- "Good point, can I come back to that?"

3. Malicious

- Be polite; bland; pretend not to have heard.

4. Requests for information

- Welcome, compliment and reply completely; invite additional questions;
- "Is this what you wanted to know? Does that answer your questions?"

5. Show-off Objections

- Take the low road; be polite; humble; conciliatory.

6. Subjective Objections

- Arise when you talk too much about yourself, your company, your product.
Solution: Talk more about him and his needs.

7. Objective Objections

- Aimed at the offer; agree; offer proof; evidence; testimonials.

8. General Sales Resistance

- Usually occurs at the beginning of the presentation; difficult to avoid.
Solution: Use strong opening and focus on the customer and his needs.

9. Last Ditch Objection

- Minor objection, should be overcome by use of **Secondary Close** or **Assumption Close**.

Remaining Objections Close (Just Suppose Close)

This close is powerful and is to be used when you have made your presentation and the customer will not make a commitment. This close has FOUR steps, in order.

1. Ask the prospect, "Mr. Prospect, there seems to be some question in your mind that's causing you to hesitate about going ahead right now. Do you mind if I ask what it is?" ("Is it the money?")
2. Acknowledge and compliment the objection; "That's an important question, Mr. Prospect, **and in addition to that**, is there any other reason why you might be hesitating about going ahead right now?"
3. Continue this questioning until you uncover the **REAL** objection, then say, "Well Mr. Prospect, let's suppose that we can deal with that to your complete satisfaction, would you be ready to go ahead right now?"
4. When the prospect finally says "Yes" to question number three, you ask, "Well, what would it take to satisfy you?"
5. The customer's reply will be the final "closing condition." Your job will then be to find some way to satisfy the condition and then wrap up the sale.

Sharp Angle Close (Porcupine Close)

This is used to turn an objection into a reason for buying, and is very effective when the customer has almost run out of reasons for resistance.

Examples

"I can't afford the monthly payment."

Answer: "Would you take it if we could spread the payments and get them down?"

"Your product won't perform to my specifications."

Answer: "If we can show you it does, will you take it?"

"It costs too much."

Answer: "If we can get you pretty much the same thing for less, will you take it?"

Instant Reverse Close

This close is excellent to break preoccupation and natural sales resistance. It can be used to get the appointment and to overcome almost any common objection.

This close must be delivered quickly and with complete assurance. Even if the salesperson does not have a ready follow-through when he or she delivers it, the salesperson must think on his/her feet and reply quickly.

Example

"I can't afford it right now."

Answer: "That's exactly why you should buy it."

Twelve Additional Closings

1. The Secondary Close

This close involves closing on a minor point in the sales presentation, acceptance of which denotes acceptance of the entire offer.

Examples

"Will you be wanting this in blue or green?"

"Will you want this delivered or would you like to take it with you?"

"Would you be wanting the regular tires or the radials?"

2. The Alternate Close

Never offer a choice between something and nothing; always between something and something else.

Examples

"Would you prefer the red or the green; the radial tires or the regular; this week or next?"

The alternate close required the prospect to take a stand, to give you information to let you know how far you are from closing.

3. Selling Past the Sale Close (Assumption Close)

This close is used to push ahead events; to assume that the purchase decision has been made and to go on to arrange delivery.

Examples

"Would you like to take it with you or would you like it delivered?"

"Which one will you be taking today?"

"Would you like to have it gift wrapped?"

4. Take Away Close

A variation on this close that is often successful is to halt the presentation and suggest that you may not have the item in stock or available.

Example

"Just a minute, before we go any further, I'd better check to see if we have it in your size (color, specifications, etc.)."

If the customer allows you to check, the decision to buy has been made and you proceed to complete the transaction.

Example

"Yes, here it is, exactly what you were looking for. Will that be cash or check?"

5. Summary Close

Summarize all of the benefits that the customer will enjoy from owning the article. List them — feature and benefit, feature and benefit.

Use repetition with key arguments. State them over and over, especially if they are important to the customer.

Make a detailed list of every benefit that the customer will enjoy from the product and then rank them in order of importance. Plan your sales presentation to discuss them in order.

Watch for the one or two benefits that seem to be of greatest interest and repeat them often.

Note: Deal with objections or shortcomings in your product, one by one; deal with benefits and advantages all together.

6. The Order Sheet Close

This is used by sales professionals in several different ways, all of them very effective.

- A) The salesperson has an order form out and visible from the start of the sales conversation. Every time a deal comes up, he immediately writes it down.

Example

"I have a terrible memory for details and I want to be sure that I have it right."

- B)** The salesperson takes the order form out at the end of the conversation and begins to fill it out just as though a sale has been agreed to.

Example

"Mr. Prospect, could I have the exact spelling of your last name."

When the form is filled out with all the relevant details, the salesperson marks the signature line with an "X" and hands the form to the customer.

Example

"Now, if you could just **authorize** this, we'll take care of everything."

7. The Relevant Story Close

This close is used when the prospect can't make up his/her mind that he/she really needs the product.

The salesperson tells a story about someone else who hesitated but finally bought and is now extremely happy he did so.

A variation is to tell the story of someone who put off buying the product and who suffered financial or emotional loss as a result.

Another variation is to create a story - demonstrate the product in such a way that it's value and usefulness become evident to the prospective customer.

Examples: Motor homes, boats and airplanes.

8. Walk-Away Close

Assure the prospect that you've been selling this item for years and that you have many repeat customers, and probably all of them have been out shopping around before they finally bought here.

Reiterate the benefits and features you've already discussed and issue another invitation to buy now.

Example

"We can have it all ready to go for you in an hour."

9. The Today-Only Close

Create a reason to give the customer a special deal for today only. It could be a sales contest, a special bonus, the end of a sales campaign – use your imagination.

Assure him that this is a now-or-never proposition and it is a unique article; tell him/her that two other salespeople have people looking at it, but you'll go to your manager to ask him/her for a special deal.

10. The Go-Ahead Close

This is used when the prospect is definitely and irrevocably determined to shop around a bit more before buying.

Your strategy is to accept it gracefully and then say, "By all means, go ahead and look for the best deal you can find. Then I'll show you, when you come back, that mine is the best deal" ... and that they can't beat it.

The suggestive power here is very strong. The prospect will be drawn back irresistibly to you to hear the "Best Deal Possible."

Note: Refuse to give the prospect a final price with terms and specifications or some other salesperson will turn the tables on you.

11. The Lost-Sale Close (Door-Knob Close)

To be used when the customer has given the final "No."

The salesperson thanks him/her and gets up to leave. As he/she reaches the door, he/she turns and says:

"By the way, Mr. Prospect, just before I go, I wonder if you could do me a favor? I know that you're not going to buy, but it would really help me with any other customers, if I knew where I went wrong in my presentation to you. What was the real reason you didn't buy my product?"

Usually the prospect, completely relaxed, will finally give you the real reason.

Then, you immediately say, "Well, no wonder, Mr. Prospect, it's my fault for not having explained that item to you properly. Here, let me show you how it really works."

Continue right back into your presentation and try to close again.

12. Closing on Referrals

Every buyer or non-buyer is a source of referrals. The salesperson should ask for two or three from every presentation.

After a sale and delivery of the product or transfer of title, the salesperson should take the referrals and immediately call on the new prospects.

Examples

"Mr. Prospect, we just placed one of our products with Mr. John Jones and he suggested that I come over here and see you and show you what we did for him."

"Mr. Prospect, Mr. John Jones recommended you to me as a progressive business person, who is concerned about cutting costs. I'd like a few minutes of your time to show you what we showed him."

A referral is worth ten to fifteen times a cold call and if you develop a regular system of referrals, you can greatly increase the quality of your sales calls and your ratio of closes to calls.

Recommended Reading for Sales Professionals

Be a Sales Superstar	Brian Tracy
Advanced Selling Strategies	Brian Tracy
Think and Grow Rich	Napoleon Hill
How to Master the Art of Selling	Tom Hopkins
How to Win Customers	Heinz Goldman
The Lacy Techniques of Salesmanship.....	Paul J. Micali
The Closers	Jim Pickens
Surefire Sales Closing Techniques	Les Dane
How to Sell Well.....	James F. Bender
Tested Methods of Successful Selling.....	Charles B. Roth
How to Get Through to People in Selling	William J. McCaskill
The Successful System That Never Fails	W. Clement Stone
SPIN Selling.....	Neil Rackham
The Greatest Salesman in the World	Og Mandino
Dress for Success	John T. Molloy
Dress for Success (For Women)	John T. Molloy
How Winners Sell	Dave Stein
All Business is Show Business.....	Scott McKain
The 36 Biggest Mistakes Salesmen Make and How to Correct Them	George N. Kahn
Value Based Selling	Bill Bachrach

SECTION 5

CORPORATE STRATEGY: FOUNDATION OF BUSINESS SUCCESS

"Action without planning is the cause of every failure." — *Peter Drucker*

Nine Key Questions for Strategy Formulation

1. What business are we **really** in?
2. What business would it be useful to think that we are in?
3. What purposes are we in business to achieve?
4. What should our business be?
5. What could it be?
6. What are we trying to do?
7. How are we trying to do it?
8. What are our basic assumptions?
9. Could they be wrong? What changes would we have to make if they were?

The Driving Force — The Key to Strategic Thinking

(Courtesy: Tregoe & Zimmerman)

Nine Strategic Areas: (Determining Products and Markets)

1. **Products or Services Offered** — Strategy is built around the production and delivery of certain products;
2. **Market Needs** — Strategy is determined by the commitment to serve a particular market with the goods and services it requires;

3. **Technology** — Technological capability determines products produced and markets served;
4. **Production Capability** — Offering only those products that can be produced using the company's know-how, processes, systems and equipment;
5. **Method of Sale** — Products sold and markets served are determined by the primary method of sale, or way of reaching the customer;
6. **Method of Distribution** — Strategy determined by the products that can be sold through the company's distribution channels;
7. **Natural Resources** — Strategy revolves around exploitation and conservation of its natural resource base;
8. **Size/Growth** — Strategy determined by decisions concerning future size and rate of growth desired;
9. **Return/Profit** — Products and markets are determined solely on the basis of return on capital or profit on sales.

Six Key Decision Areas

Determination of the driving force enables the company to make specific decisions regarding:

1. The scope of the organization's products;
2. The scope of the organization's market;
3. The key capabilities required to achieve this direction;
4. Size and growth targets and guidelines;
5. The mission statement for each person, unit, division or department;
6. The time frame over which the strategy will be implemented.

Lessons From America's Best Run Companies

"In search of Excellence" examined the most highly motivated, positive, productive, profitable corporations in a variety of industry segments across the United States.

How does your company score on each of the eight areas of performance, and where can improvements be made?

1. **Managing Ambiguity and Paradox** — The degree to which the corporate climate and culture encourages innovation, risk-taking "good tries" in the direction of improved products and services; the "planned chaos" and ferment out of which comes new ideas, suggestions, breakthroughs, mostly predictable, but all within an overall framework of values and purposes shared by all.
2. **Bias for Action** — The organization places a high emphasis on action orientation, on implementing new ideas, dealing with problems, making rapid changes in response to external pressures.

Also the degree to which people feel free to take action without fear of punishment or necessity to get lengthy approvals.

The amount of flexibility, fluidity and entrepreneurial spirit that is encouraged throughout the organization.

3. **Close to the Customer** — Everyone in the company is obsessed with customer service, customer satisfaction, the degree to which the entire organization is encouraged to think of sales, of revenue generation as the most important function of the business.
4. **Autonomy and Entrepreneurship** — The degree to which everyone in the company is encouraged to develop a proprietary interest in the company and its success, a sense of ownership and freedom to act on that feeling.
5. **Productivity Through People** — The degree to which the company is committed to the growth and development of its people as the most vital element in productivity, performance, output and profits.

This lesson is demonstrated by several behaviors and attitudes on the part of management:

- A) Trust
- B) Freedom
- C) Challenge
- D) Respect
- E) Warmth
- F) Success Experiences
- G) Positive Expectations

6. **Hands-On, Value Driven** — The degree to which the company stands for certain basic values, articulated clearly and understood by everyone.

This is considered by many to be the foundation upon which the company is built and the basis for all strategy and long range decision-making.

IBM Basic Values

1. Respect the individual;
2. Give quality customer service;
3. Commit to excellence.

Hewlett-Packard

1. Believe in people;
2. Grow in self-esteem;
3. Promote a sense of achievement;
4. Help each other;
5. Have open communication;

6. Reserve the right to make mistakes;
 7. Promote training and education;
 8. Provide security in employment;
 9. Properly insure;
 10. Manage with goals (decentralize).
-
7. **Stick to the Knitting** — The degree to which the business stays in those areas where it has expertise and knowledge.
 8. **Simple Form, Lean Staff** — The degree to which administrative operations are decentralized and pushed down to the level of operating unit.
 9. **Simultaneous Loose-Tight Properties** — The degree to which people are given the freedom to perform in the accomplishment of the company's goals, consistent with the company's values; the degree to which decisions about detail are left, entrusted, to the individual.

Major Trends Influencing the Future (Megatrends)

1. **Industrial Society — Information Society** — 54% of the workforce are now employed in information generation, processing and distribution.

There will be an increased growth and expansion in microcomputers, training, education and information processing.

What new products or services does this trend suggest? How could this trend influence the shaping of strategy?

2. **Forced Technology to High Tech/High Touch** — The human response to a high tech world is an increased emphasis on high touch, the human factor, warmth, comfort, intimacy, sharing, relationships, hands-on activities.

What new markets or products are being created as a result of the need for a more "high touch" world?

Five Rules for Fast Growth

1. The only real growth is profit growth.

All other forms of growth — company size, product volume, share of market — enlarge cost rather than net worth.

2. Policy is the allocation of assets to maximize profit growth. All other allocations must be avoided because they are contrary to growth.

3. People must be managed as growth assets. All other forms of management erode profit; they also erode people.

4. The role of marketing is to create perceptions of unique added value in the minds of a market. All other perceptions are either useless or harmful.

5. The most important sensitivity in managing a growth business is customer sensitivity — the source of the market growth.

Six Principles for Small Business Management

1. Profit is the name of the game - "Net Profit."

2. Build a better mousetrap; innovate, change; don't copy.

3. The customer is always right; **listen to him/her.**

4. Either you run the business or it will run you.

5. People, not organization charts, make businesses.

6. If you want to be successful, make others successful.

Five Key Ideas for Business Building

1. Fish for Whales

- Concentration in a few key profit areas and a few key products is the key to fast growth.

2. Check Your Assumptions

- Errant assumptions lie at the root of most failures.

3. Move Fast After Your Homework — Don't Wait!

- Strike while hot;
- Reinvest dollars only to grow bigger profits;
- Should you be doing **this**, or something else?

4. Play Your Own Game

- Implement your growth plan and exploit your market to the maximum;
How much will the market buy?
Where?
When?
How?

5. Be a Workaholic

- Concentrate on a single objective; profit growth;
- Rivet attention; fixate, eliminate diversions or distraction.

Your Mission Statement

1. What is your corporate philosophy? What does your company stand for? Believe in?

2. What is your driving force?

3. What is your **mission** or **goal** for the next twelve months?

4. Is your mission or goal clear to everyone who is expected to help bring it about?

5. Is there a single-minded concentration of human and financial resources toward achieving your mission?

6. What is your aim? (Everything that does not contribute toward achieving that aim leads you away from it.)

Critical Issues

Objectives

To identify the various issues that must be considered and dealt with in undergoing a transition from where you are to where you would really like to be.

Topic Areas:

1. List all the areas of operation where changes in approach, style or method might be necessary;

2. Identify the human resources requirements you will have to meet in order to reach the desired objective;

3. What investment, expansion or divestment options or plans might be considered?

4. What changes might be made in terms of our customers, locations, products, services or facilities? What might we add or delete in each area?

5. Identify the few areas of possible concentration where extraordinary results are possible.

SECTION 6

FINANCIAL PLANNING FOR SOLID GROWTH

There are several indispensable financial tools which every business must have. The attention to the detail of developing these tools on an ongoing basis often makes the critical difference between profits and losses, growth and decline, success and failure.

The Business Plan — Your Blueprint for Success

The business plan is as essential to business success as a blueprint would be in the construction of a building.

Lack of a clear, detailed business plan leads to a lack of direction, inaccuracies, confusion and wasted resources. The existence of a plan, and the process of developing it, contributes to clarity of focus, teamwork, organized effort and profit growth.

A Business Plan Consists of the Following Ingredients:

1. Mission Statement

- A statement of your overall objective or goal, your reason for being in business, what you want to accomplish, achieve, and preserve.

2. Strategic Objectives

- The goals you must accomplish to reach your overall objective.

3. Tactical Objectives

- The activities you must engage in to accomplish your strategic objectives, in order of priority.

4. Strategic Variables

A) Product Policy

- Characteristics, design, mix of products/services offered.

B) Customer Policy

- Specific types and characteristics of customers to whom products and services will be offered.

C) Distribution/Promotion Policy

- How do you move your products to the end user?
- Advertising, sales, outlets, locations, delivery, etc.

D) Competitive Emphasis

- What do we do better than our competitors?
- Where can we develop excellence?

E) Pricing Policy

- How do we charge for our products or services?
- Consider discounts, quantity purchases, commissions, etc.

F) Financing Policy

- Where and how to obtain short-term and long-term capital?
- Personal assets, friends, banks and investors.

G) Investment Policy

- How to allocate available funds.
- Product Development
 - Research
 - Sales Promotion
 - Facilities

H) Also, **Divestment Policy**

- How do you decide what to get out of, sell off, or discontinue?

Guide to Preparing a Business Plan

Table of Contents

EXECUTIVE SUMMARY

SECTION	1.0	The Concepts
SECTION	2.0	Objectives
SECTION	3.0	Market Analysis
	3.1	General description of the entire marketplace, for the product or service
	3.2	Precise description of segment(s) to be pursued
	3.3	Description of intermediate influences on buyers such as dealers, distributors, sales representatives, associates, etc.
	3.4	Competitive Conditions — Present and anticipated
	3.5	Pricing Conditions — Present and anticipated
	3.6	Governmental Influences — Present and anticipated
	3.7	History of similar products, services, or businesses
	3.8	Break-even point estimates, i.e.; How many units and/or how much of the market has to be sold to cover costs?
SECTION	4.0	Production
	4.1	Equipment Requirements
	4.2	Facility Requirements
	4.3	Raw Material, Labor and Supplies Requirements and Sources
	4.4	Quality Control, Packaging, Transportation, etc.; Requirements and Sources
	4.5	Program for Initial Time Period
	4.6	Schedule — Who is to do what, by when (Exhibit)
	4.7	Budget (Exhibit)
	4.8	Results Expected (Exhibit)
	4.9	Contingency Plans

SECTION 5.0 Marketing

- 5.1 Method(s) of Selling and Advertising to be Employed
- 5.2 Product of Service Features and Benefits to be Emphasized
- 5.3 Program for Initial Time Period
- 5.4 Schedule — Who is to do what, by when (Exhibit)
- 5.5 Budget (Exhibit)
- 5.6 Results Expected (Exhibit)
- 5.7 Contingency Plans

SECTION 6.0 Organization and People

- 6.1 Who is accountable for whom, for what. Structure (Exhibit)
- 6.2 Staffing Program for Initial Time Period
- 6.3 Schedule (Exhibit)
- 6.4 Budget (Exhibit)
- 6.5 Results Expected (e.g., brief position description)
- 6.6 Contingency Plans

SECTION 7.0 Funds Flow and Financial Projections

- 7.1 Complete statement of expected sales and expenses for the next sales period (Exhibit)
- 7.2 Pro forma Profit and Loss Statements (Exhibit)
- 7.3 Pro forma Balance Sheets
- 7.4 Program for Monitoring and Controlling Funds With People and Systems Included in the Organization Planning

SECTION 8.0 Ownership

- 8.1 Summary of Funding Requirements
- 8.2 Form of Business — Partnership, Corporation, etc.
- 8.3 Program for Raising Equity and/or Debt Money required, if any
- 8.4 Projected Returns to Investors

Note: If technology is an important ingredient in the success of the enterprise, a separate section, Technology, should be included in the Business Plan. Such a section would include details on staffing and methods of inquiry and testing as well as schedules, budgets, results expected, and contingency plans. A section on Technology would normally be inserted after Section 5.0, Marketing.

Developing Pro Formas for Financial Analysis

Every business decision is based on a consideration of the costs and risks compared with the potential gains.

Every allocation of funds must be preceded by an analysis of possible returns on those funds. The basic **Pro Forma** must be developed before an informed or intelligent opinion can be reached.

The pro forma becomes the basis of the business budget and is a critical tool for managing the enterprise.

The Business Budget Consists of the Following Information:

1. Estimated Gross Revenues

- The dollar value in total of your product or service that you reasonably expect to sell in a given period (month, year).

2. Total Expenses

- Every single cost to you of providing the product or service to the market; for example:

Cost of goods sold (wholesale cost plus freight)

Salaries and wages

Rent and utilities

Office supplies and equipment

Accounting and legal

Advertising and promotion

Telephone and postage

Printing and stationery

Travel and automotive

Insurance, taxes and licenses

Interest and bank charges

Other and miscellaneous

3. Net Revenues or Losses

- The figure you arrive at when you subtract total expenses from gross revenues.

4. Return on Investment

- Expressed as a percentage calculated by dividing net revenues into total costs.

This tells you what your return will be, allowing you to compare it with other investments to evaluate risk and return.

5. Risk Factor

- Always present the probability that you will not achieve the return projected. The business of business is to maximize profit and minimize risk.

This is accomplished by:

- A) Careful and complete market analysis to assure accurate estimate of gross revenues;

Most businesses fail on this account.

- B) Careful and complete strategic and market planning.
- C) Careful and complete budgeting and cost control.
- D) Focus on results throughout the business.

6. Profitability

- This must be compared with all other business opportunities available to determine whether this business, product or service, represents the very highest and best use of your time and money.

7. Example — Widget Company

Gross Revenues	\$100,000.00
Less: Total Expense	(90,000.00)
Net Revenues (or Losses)	\$10,000.00
Return on Investment (ROI)	11%

8. The budgeting process should be done for each month, 12 to 18 months ahead to arrive at an annual operating budget and financial plan.

This financial plan, taking seasonal fluctuations of business into account, will be the most important document required by your bank or other lenders.

- Strive for maximum accuracy in every calculation.
- Check and re-check; be prepared to back up your figures.
- Be conservative in estimating your revenues; liberal in estimating your expenses.

9. Yearly, Monthly, Weekly Sales Projections

Annual Sales Volume (Estimated)	\$_____
Monthly Sales Volume (Divide by 12)	\$_____
Weekly Sales Volume (Divide by 52)	\$_____
Daily Sales Volume	\$_____

Banker's First Loan Requirement — Cash Flow Projections

Your cash flow projections are calculated by preparing a pro forma budget for each month for 12 - 18 months ahead.

At the end of each month, especially with seasonal fluctuations, you should have a profit or a loss.

These profits or losses are accumulated along the bottom to indicate when you will have cash surplus and when you will need cash inflows.

Your maximum line-of-credit request to your banker will be determined by the lowest point in your business cycle.

Your ability to analyze your business objectively and project your cash requirements accurately will have a major impact on your business success.

Basic rule: In business start-ups, you should double or triple the estimated time period between commencing business and positive cash flow. Over-optimism in this area is a major cause of business failure and often an indicator of managerial incompetence.

Break-Even Analysis — Getting into "The Black"

A business "breaks even" when the total revenues from sales are sufficient to cover all the costs associated with making the sales, including costs of goods sold, administration, advertising, overhead, interest, salaries, commissions, etc.

Fixed costs Vs. Variable Costs — The Critical Difference

1. Fixed Costs —

Expenses that are incurred whether or not a single sale is made

- A) Rent and Utilities
- B) Administrative Salaries
- C) Interest Charges
- D) Insurance and Taxes

Basic Rule: Try to keep your fixed costs at a minimum, especially at the beginning.

2. Variable Costs —

Expenses that are incurred only as products are produced and sold.

- A) Cost-of-goods sold
- B) Advertising
- C) Sales commissions
- D) Additional staff required

3. Semi-Variable Costs —

Expenses that vary *indirectly* with production and sales.

- A) Utilities
- B) Some staff costs
- C) Outside services

4. Contribution —

The amount of profit each unit of sales or dollar represents, after total costs of production and distribution. The contribution is then applied to fixed costs to find the break even point.

Example:

Product A sells for:	\$	10.00
Cost of Sales (Variable)		(6.00)
Contribution Margin		4.00
Fixed Costs (Estimated)	\$	4,000.00
Break Even Point		1,000 Units

Return on Investment Ratio — The True Measure of Profitability

Return on Investment (ROI) is calculated by dividing the net income after taxes of the enterprise by the total amount of capital invested in the enterprise to reach your rate of return.

Example:

$$\frac{\$10,000.00 \text{ Net Income}}{\$100,000.00 \text{ Invested}} = 10\% \text{ ROI}$$

There are only two ways to increase profits.

- 1) Reduce expenses, holding revenues constant
- 2) Increase revenues, holding expenses constant

Return on Investment can be increased by reducing the capital invested while holding net revenues **constant**.

Profits can be increased by increasing sales while holding variables and costs of sales constant.

Critical Financial Ratios

1. Net Worth = Excess of Total Assets Over Total Liabilities
2. Working Capital = Current Assets - Current Liabilities
3. Quick Asset Ratio =
$$\frac{\text{Quick Asset (Cash \& Receivables)}}{\text{Current Liabilities}}$$
4. Profit Sales =
$$\frac{\text{Net Profit Before Taxes}}{\text{Sales}}$$
5. Gross Profit = Net Sales - Cost of Goods Sold

How to Borrow From Your Bank

Remember, businessmen are inherently risk-takers and bankers are inherently conservative, risk avoiders. Therefore, the process of borrowing is essentially one of negotiation.

1. Select your bank carefully; interview several bank managers in advance of opening an account.

Ask their advice about your business and ask about their lending policies, especially their lending authority.

2. Take the banker you select out to lunch when you open your account and tell him about your business plans.

3. Have a complete business plan, personal financial statement, and next year's budget projections to show your banker and to leave with him.
4. Ask for money when you don't need it; repay it promptly.

Request a line of credit, if necessary, when you open your account — from the Manager.

Don't allow yourself to be shuffled to a junior lending officer — they have to check everything with the manager anyway.

5. Banks look for five essentials when approving a loan:
 - 1) Character — your background and reputation;
 - 2) Capacity — your ability to repay the loan;
 - 3) Collateral — the security you can provide;
 - 4) Capital — the amount you are prepared to invest;
 - 5) Credit — the status of your credit to date.
6. Make it easy for your banker; when you go apply for a loan, be prepared with answers to:
 - A) How much do you want to borrow?
 - B) How do you plan to repay it? Demand or term?
 - C) What will the money be used for?
 - D) How will it be repaid?
 - E) What collateral or security can you provide?
7. If you run into problems, be sure your banker is the first to know; if you anticipate a cash flow shortage at the end of the month, go and see him immediately.

What To Do When Things Go Wrong

Changes in the economic environment can cause severe disruptions in business activity and lead to a decline in cash flow, thereby threatening the life of the enterprise. Here are some things to do to preserve the health of the organization.

1. Make an objective assessment as to whether or not the conditions or decline in sales are long-term or a short term phenomena;
2. Immediately act to preserve and guard **cash** at all costs.
3. Halt payments to suppliers wherever possible; accelerate payments from customers wherever possible; give discounts for early payment.
4. Visit your banker and request extended payment terms on all loans; request payments of **interest-only** on all term loans.
5. If negative conditions continue, begin to lay off all non-essential staff and eliminate all non-essential expenses. Cut everything to the bone rapidly.
6. Whatever assets you would be willing to sell in order to survive — begin to sell immediately.
7. Initiate a zero-base strategy. Ask the following:
 - A) If we were not already in the business (handling this product) knowing what we know now, would we get into it? If the answer is "no" then prepare to get out as soon as possible.
 - B) If we had the choice of hiring this person now, would we do it?
 - C) Examine every expense in the company as though you were first considering it. If the expense is no longer justifiable – terminate it.
8. Become very hard-minded with regard to expenditures of all kinds; be ruthless.
9. The name of the game is "survival."
10. Develop a penchant for action and focus all your most capable people on those areas where they can make a major contribution toward the survival and success of the enterprise.

SECTION 7

THE CHALLENGE OF LEADERSHIP

Introduction

Leadership: "The ability to elicit extraordinary performance from ordinary men and women."

Managers today face tremendous challenges that require continuous upgrading of basic skills and often rapid acquisition of new ones.

Today's business environment is characterized by the following:

- Rapidly changing and often unpredictable external environment, especially the market environment.
- Accelerated rate of change in products, processes, technology and knowledge and concomitant obsolescence in each of these areas;
- A far more complex and demanding human environment than has ever before existed.

Basic Facts of Corporate Life

1. People are the most vital element in any business; all production comes from people.
2. The basic role of **management** is to earn the maximum return on investment in human resources.
3. The average employee works at 50%-60% capacity; 80% are **underemployed**, not contributing their full potential to the organization.
4. The key role of leadership is to **release** and **channel** the unused 40% – 50% of human talent toward the achievement of organization goals.
5. The **interaction** between the leader and the subordinate is the **main control value** on individual performance.
 - Positive interaction motivates the employee.

6. Superior leaders generate emotion; they inspire maximum willingness and commitment toward achieving the task.
7. Leadership empowers followers in that they feel more capable, confident, and better able to accomplish what is expected of them.

It was said that Napoleon's presence on the battlefield was worth 20,000 men to the French Army in terms of enhanced fighting ability.

Characteristics of Outstanding Leaders

1. Outstanding leaders have a sense of **mission**. They are **committed** to what they are doing. They **believe** in themselves and they believe in the value and importance of their work.

They continually ask themselves, "Why am I on the payroll? What can I do that will make a difference? What am I here to accomplish?"

2. Outstanding leaders are **results-focused**, not activity focused. They spend their time on tasks that represent real payoff opportunities. They work continually in key result areas.

The key result areas are:

- A) Customer Satisfaction
- B) Economic Gains
- C) Quality
- D) People-Building
- E) Organization Development
- F) Innovation - new ideas, approaches, products and services

3. Outstanding leaders have an **obsession with customer service**. They have an intense desire to satisfy their customers and they **respond rapidly to customer needs**.
4. Outstanding leaders **release the potential** of the people they lead. They delegate everything possible to assure that their people have continuous opportunities to learn and to grow.

They understand that of all assets, only human assets can be made to **appreciate in value**, to be worth more to the organization. Growing competent people requires **time commitment, caring, goals, responsibility, autonomy, feedback and rewards**.

5. Outstanding leaders are committed to doing **excellent work**. They set high standards of performance for their subordinates **and lead by example**.

They know that the market only pays excellent rewards for excellent performance, average rewards for average performance.

6. Outstanding leaders act like they **own** the place. They treat the company as though **it belonged to them personally** and do everything possible to seek new and better ways to increase sales and cut costs.

They accept an extremely high level of personal responsibility for results.

Management by Motivation

"The role of leadership is to nurture high self-esteem in those who must do the job."

The Ideal Employee

The ideal employee can be described as highly motivated, competent, capable and dedicated to the excellent performance of his tasks, duties and responsibilities.

In addition, he is a good communicator, uses his time well, works without supervision, has a positive attitude, is dependable, honest, sincere and continuously creative in finding faster and better ways to get the job done.

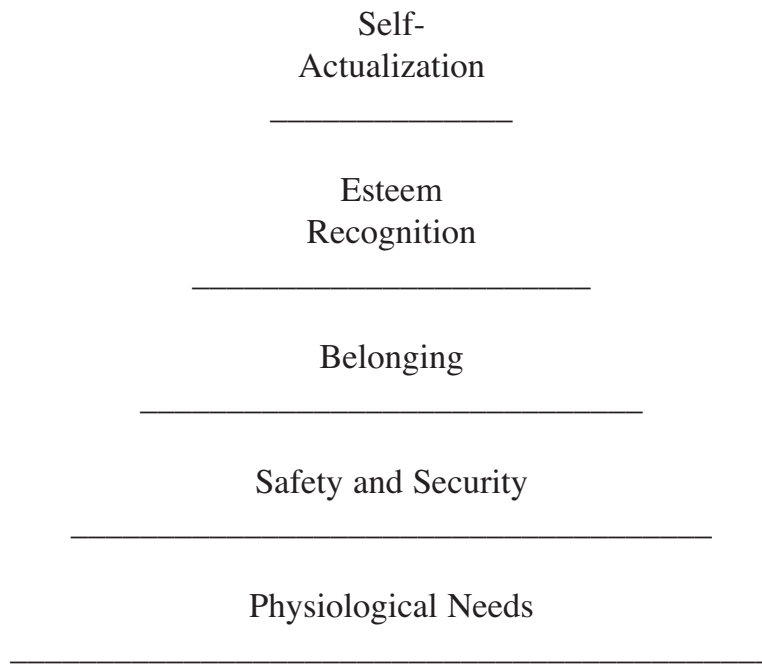
Most managers would agree that if they had more of these "ideal employees," their jobs would be a lot easier and their results would be a lot better.

However, "**There are no bad soldiers under a good general.**"

How do You Motivate Employees?

People do things for two reasons; because they _____
or because they _____ .

Basic Motivational Theory



Maslow's Hierarchy of Needs

The key role of management is to move as many people up the hierarchy as rapidly as possible by removing barriers to motivation while increasing incentives.

"Leadership is the ability to elicit extraordinary performance from ordinary people."

Eight Steps to Building a Winning Team

1. **Purpose** — The company must have a reason for being, something greater than simply economic results. It must "stand for something" that simultaneously motivates and inspires.
2. **Excellence** — The organization must set standards of excellence and promote a climate of creative dissatisfaction that motivates people toward excellence.
3. **Consensus** — The management of today can no longer function on a command basis, but must **elicit** commitment and enthusiasm by encouraging each person to contribute his ideas, thoughts and feelings toward the success of the enterprise.
4. **Unity** — The successful organizations are those which eliminate class distinctions among members of the corporate family; **they fully involve everyone** possible in decision-making and information sharing so that the company functions like a championship team.
5. **Performance** — All rewards in the excellent company are linked to performance and to **the value of individual contribution** — not to seniority or anything else.
6. **Empiricism** — The excellent corporation is peopled by individuals who are skilled thinkers and who use statistics appropriately to measure performance and output at every level of organization.
7. **Intimacy** — The organization of the future is one where individuals freely share their inner thoughts and contribute their emotional and spiritual energies without fear or risk of emotional punishment.
8. **Integrity** — This is the foundation upon which must be built all other values, and upon which rest the trust and relationship between individual and corporation.

Goal-Centered Management

It is only possible to elicit maximum performance from people when they know exactly **what** it is that they are expected to do, and **when**, and to **what standard** of quality.

In addition, people need to know **why**?

Goal orientation **releases energy and ideas** for goal achievement.

Goals **activate** the positive mind and release potential.

In order to make his **maximum contribution** to the company, the individual must **personally identify** with the job and see the requirements of the job as his personal challenge.

The more emotionally involved the individual, the greater will be his enthusiasm, **energy, commitment and output**. This is a key function of leadership.

Building a highly motivated goal centered business unit requires the following:

Management-by-Values — The Reasons Why, the Causes:

1. The business unit must have a specific set of super-ordinate goals, values, things that it **stands** for (e.g., value, quality, service, cleanliness, speed, economy, etc.)

The **emphasis** in values must be external, focused outward, on the customer and the market.

The commitment to **excellence**, to being the **best** in a particular area of external contribution is a powerful motivator.

Management-by-Objectives — The Goals to be Achieved:

2. The business unit should have one or at the most two operational goals per planning period.

"More than two goals is no goals."

Every staff member should be clearly informed of the goals(s) and invited to contribute ideas or suggestions on how to better achieve them.

3. Each employee should have a clear set of individual goals and responsibilities which dovetail into the goal of the unit.

Goals and objectives should always be defined in terms of output responsibilities, accomplishments rather than activities.

For maximum motivation, goals should be:

- 1) Clearly-defined, measurable, time-specific;

- 2) Realistic, believable and achievable;
 - 3) Moderately challenging, demanding, and having at least a 50% probability of success.
4. Emotional involvement and commitment to goals is directly proportional to the degree of participation in setting them.

Individual and group goals and standards of performance should be established as the result of discussion, negotiation and agreement.

Each person should know what he is doing fits into the "big picture."

Each person should know **what** his co-workers are doing and why and what **their** standards of performance are.

Peer pressure is a powerful source of control and internal motivation.

5. The individual should be given maximum freedom and autonomy within clearly-specified limits.

Personal responsibility and accountability in achieving clear, objective goals is a powerful form of internal motivation and control.

Each person should have at least one area of total autonomy, one task area for which he is 100% responsible.

6. Regular non-judgmental feedback on progress and performance tells the individual how he is doing.

Regular, non-threatening inspection, monitoring and assessment impresses the individual with the fact that the job is important and the boss is concerned about results.

Keep people informed about developments that affect their work or their careers.

Nothing is more damaging to morale than being kept in the dark.

7. Maintaining an easy atmosphere of informality, a first name basis, with staff. Treat them with respect, as **partners** in the enterprise.

Maintain an easy open-door policy and invite people to be frank and open with you.

The quality of the superior-subordinate relationship can be measured by how free they are to tell each other how they feel about the way things are going between them.

Basing the relationship on mutually understood goals and outward contribution enables discussion to be objective and concrete, rather than subjective and abstract.

The focus is on results, not on personalities.

8. Business growth and success require a continuous stream of ideas, suggestions, innovations and improvements. The average employee is usually full of good ideas which he will offer if encouraged to do so.

Business success is directly proportional to the **quantity** of new ideas and suggestions.

A major role of leadership is to **multiply brainpower** in a business unit by getting **everybody** to think continually in terms of ways to improve current operations and move more rapidly toward the overall good.

The leader can facilitate this process by the following:

- A) Encourage each person, and the group to think creatively all the time;
- B) Maintain an open-door policy and invite people to bring ideas to you;
- C) Make it clear that no one will be criticized for unworkable ideas;
- D) Encourage innovation and experimentation on a reasonable scale — accepting that there will be numerous failures and disappointments;
- E) Praise and encourage risk-taking, "good tries" — never condemn, criticize or say "I told you so."
- F) Give ample public recognition and credit for successful innovations, as well as for good tries.

- G)** As often as possible, take time to review and discuss unsuccessful experiments with the individual who suggested it.

"What did we do right?"

"What would we do differently?"

- H)** Individuals grow in wisdom, foresight and judgment **only** to the degree that they make mistakes and learn from them.

Every major business breakthrough comes as a result of someone willing to risk failure, daring to go forward into the unknown.

The focus on clear specific goals and objective standards of performance tends to liberate the individual from negative habit patterns and psychological blocks to top performance.

Six Characteristics of the Winning Team

- 1. Clear coaching and leadership** — Someone "calls the plays," sets standards of performance — usually high standards. Winning coaches expect to win — in advance. They can be tough on the players but they usually have a "high consideration factor" — they really care.
- 2. Intensive people-training and development focus** — They focus on bringing out the strengths in everybody. They concentrate on the basics, over and over. They develop the talent they have and perform well consistently.
- 3. Heavy planning and strategy emphasis** — They continually analyze their performance and that of their competition. They have a plan going into every game, and they have contingency plans if things go wrong.

Top coaches recruit top talent into the coaching staff below them and spend a lot of time developing the second level.

- 4. Selective player assignments** — Winning coaches assign players based on consideration of their potential contribution to overall team performance.

Coaches who hire only superstars often end up with several prima donnas who don't function well as a team.

Winning coaches will rotate a player to another position if he is not doing well. They constantly seek ways to use the individual's talents, even creating new positions if necessary.

- 5. Supportive interaction and open communication** — There is plenty of feedback and discussion of performance, often agreements and disagreements, but these are all brought into the open and dealt with.

Conflict resolution is through confrontation and openness.

There is respect and approval for each other's performance, for each contribution to the team effort.

- 6. Commitment to excellence and personal pride** — Team members are personally committed to the success of the organization.

Winning teams also have built-in resilience — the ability to come back from behind, to recover when they're down; they can bounce back.

Winning teams have leadership, ability, determination and character that makes them hard to beat.

Self-Esteem Building Managerial Behaviors

They must consciously make every effort to make people feel important and valuable.

Managerial behaviors, attitudes, words and facial expressions are seldom interpreted with detachment. Leaders are always aware of how their behavior may affect their followers.

1. Acceptance

- Deep subconscious need to be accepted for **who we are without conditions or reservations**.
- Confirms self-image, builds self-esteem.

2. Approval

- Satisfies the deepest craving of human nature, the need to feel praiseworthy, to feel important, to feel competent.

- Praise and encouragement are a powerful source of energy and motivation; they generate enthusiasm, confidence and commitment.
- Praise should be:
 - Immediate
 - Specific
 - Direct
 - Intermittent
 - For small as well as large achievements
- Praise whatever behaviors you want to see repeated (positive reinforcement).

3. Attention

- Focused attention with eye contact, friendliness and unconditional positive regard.
- The boss's undivided attention is a scarce resource and is highly valued by the subordinate.

4. Listening

- "White Magic." The forgotten art.
- 40% – 60% of managerial time is spent listening to others.
- Listening builds **trust** and **confidence**, the antecedents to **commitment** and **dedication**.
- People have a deep need to express themselves openly and honestly to their superiors.

5. Recognition

- For above-average or excellent performance.

- People should be recognized and rewarded in public in front of their peers.
- People will work harder for recognition, tangible and intangible, than they will for money.
- Leaders are continually seeking new ways to recognize and reward the kind of performance they wish to see repeated.

6. Appreciation

- The only way to build loyalty to the leader and the company.
- Finding as many direct and indirect ways to say "thank you" as possible.
- Gratitude makes people feel valuable, competent and respected.

7. Respect

- Treating each person as a valuable asset, as a unique individual, as a **partner** in the enterprise.
- Taking the time to listen to their concerns, views, opinions, even if they differ from yours.
- Every person needs that feeling of respect and dignity from his superiors.

8. Positive Expectations

- Perhaps the most important of all managerial behaviors in determining performance.
- Our expectations tend to become our "self-fulfilling prophecies." You get what you expect.
- Expect only the best from your staff; tell them that you expect them to do well and then continually look for examples of good performance that you can praise and approve.

Task-Relevant Maturity

Effective Management Styles

Task-Relevant Maturity of Subordinate	Characteristics of the Effective Management Style
LOW	Structured, Task Oriented Tell “What,” “When,” “How;” Be specific and detailed.
MEDIUM	Individual Oriented; Emphasis on two-way communication support, mutual reasoning.
HIGH	Involvement by manager minimal, establishing objectives, monitoring, giving feedback.

Brainstorming

This is a powerful tool for generating new ideas to improve productivity, increase sales, cut costs and solve other problems.

It is also an opportunity to get people involved and thinking about the company and their work.

The success of brainstorming sessions depends upon the leader and a few simple rules:

1. The ideal number of participants is four to seven.
2. There should be one specific item to be brainstormed at each session and the leader should keep the group on track.

Wrong: "How can we increase sales?"

Right: "What can we do to increase sales of XYZ — over the next 90 days?"

3. All negatives, ridicule, criticism of any kind must be prohibited during the session.

4. Ideas should be recorded for evaluation later, not during the brainstorming session.
5. The leader should not dominate the session; he should guide the discussion and encourage individuals to build on each other's ideas.
6. Participants should be encouraged to bring up additional ideas after the session.
7. Participants should be **informed** and whenever possible **involved** in the implementation of an idea generated at the brainstorming session.
8. Remember, there's always enough credit to go around. Be generous.

Productivity Improvement

1. Work faster — do more things in the same period;
2. Work harder — and longer — extend the time period;
3. Do more important things — higher payoff activities;
4. Make fewer mistakes — do better quality work;
5. Do things you're better at;
6. Do things together — use teamwork and co-operative effort;
7. Simplify the work — eliminate unnecessary steps or unnecessary paperwork.
 - Flow chart and itemize every single step;
 - Count the number of steps — the starting point;
 - Set a target for reduction of 20% — 30%;
 - Question every step using zero-based thinking.

8. Batch your tasks — requiring less "mental set-up" time.

9. Run meetings more efficiently.
 - Always have an agenda;
 - Start and stop on time;
 - Discuss more important items first;
 - Allow people to leave when they're no longer required;
 - Distribute minutes of the meeting within 24 hours.

10. Create a tickler file — 45 file methods.
 - 31 daily files;
 - 12 monthly files;
 - 2 yearly files.

11. Spend time with subordinates to assure competence — delegate effectively.
 - Clearly specify the task or responsibility;
 - Set clear standards of performance;
 - Set a deadline;
 - Monitor progress.

12. Always focus your efforts on the most valuable use of your time, on **key result areas** versus activities.
 - Clearly spell out your priorities and expectations to subordinates and others.

How to Hire the Best People

The success or failure of a growing business depends upon its ability to hire and keep good people.

1. Hire only those people you require on a full-time basis.
 - For anything less than full-time, farm out or hire part-time;
 - Especially at the beginning.
2. Draw up a clear, specific job description, listing the functions the employee will be required to perform.
 - List the duties, tasks, responsibilities of the job;
 - List the personal characteristics, attributes, qualities of the person you would like to hire.
3. Interview at least three candidates for the job; never make a decision at the first interview.
4. Check references by telephone; disregard letters of reference.
5. Look for people with a "sense of urgency," people who are in a hurry to get the job done.

Motivators and Demotivators

MOTIVATORS	DE-MOTIVATORS
1. Clear, specific, measurable goals and standards;	1. Lack of direction, meaning or clear sense of direction;
2. Autonomy and responsibility;	2. Taking orders with no participation in decision-making;
3. Praise and encouragement;	3. Criticism and fault-finding;
4. Recognition and attention;	4. Lack of credit and being ignored;
5. Regular feedback on performance;	5. Lack of feedback or evaluation of performance;
6. Emotional involvement;	6. No personal identification or involvement with company;
7. Positive expectations;	7. Vague or negative expectations;
8. Creative participation;	8. Not expected to think or to use imagination;
9. Competitive standards;	9. Lack of comparison or competition;
10. Excellent communications especially with boss.	10. Poor communications with superiors, very little exchange, dialogue or discussion.

Psychology of Leadership

The primary role of the leader is to elicit extraordinary performance from ordinary men and women. The most effective way to accomplish this is by getting people emotionally involved with the company, the department, and the individual job. The relationship between the leader and the subordinate is the critical regulator of motivation, enthusiasm, commitment and performance. This is where our efforts must be focused.

Individual performance is directly related to self-concept. How much a person likes himself, accepts himself, feels himself to be confident, valuable and praiseworthy determines how well he performs. The ability of the leader to create an environment where people feel good about themselves and their work determines his success or failure.

Individuals require clear goals and responsibilities, sufficient autonomy to think and act creatively toward accomplishing them, and regular feedback on their progress. They need to feel respected, to be praised and encouraged, to be listened to, to be informed, to participate in decisions affecting them, and to feel that they are growing toward the realization of their individual potentials. This is the real challenge of leadership.

SECTION 8

HOW TO ACHIEVE PERSONAL EXCELLENCE

Seven Characteristics of the Peak Performer

1. Goal-Orientation

- Foresight and the ability to carry out effective strategic planning.

2. High levels of self-confidence and self-esteem.

- Self-liking, self-respect, self-acceptance.

3. Willingness to accept 100% responsibility, an intense desire to be in control of one's life and activities.

- Little need for outside praise or recognition.

4. Good Communication and Salesmanship Skills

5. High levels of ambition and personal initiative.

- Willingness to take calculated risks.
- Refusal to get stuck in a "comfort zone."
- Commitment to self-realization through action.

6. Ability to accept feedback and self-correct.

- Not threatened by negative comments or constructive criticism, willing to listen with open mind.

7. Ability to use visualization, mental rehearsal for goals and critical events.

Seven Requirements for Business Success

1. Mastery of Product Knowledge

- Learning every detail of the business

2. Willingness to Work Hard

- To go the extra mile

3. Positive Attitude and Expectation of Success

- An ability to find the bright side of every situation

4. Will Power and Determination

- Persistence in the face of obstacles and setbacks

5. Creative Mentality

- Especially for new product uses and new market potential

6. Professional Sales Skills

- The ability to plan, organize and deliver a structured sales presentation

7. Persuasive Personality

- The ability to get along well with many different kinds of people
- The ability to get others to do things willingly

Seven Qualities of Business Leadership Most in Demand

1. Intelligence

- Ability to plan, organize and solve problems in a systematic way
- "Intelligence is a way of acting."

2. Leadership Ability

- Willingness to accept responsibility for results

3. Integrity

- Willingness to be scrupulously honest with self and others

4. Caring for People — Sincerity

- The ability to be sensitive to others and their needs

5. Competence

- Ability to get the job done – Sense of urgency – Good time management

6. Courage

- Willingness to take risks, to accept challenges
- To speak out when you disagree

7. Inner Strength

- Determination, persistence, "guts"
- Ability to remain calm, cool
- Ability to keep going when things get tough

No one is born with any of these qualities; they are all learned attitudes and behaviors.

They can all be learned as adults by practice and by repetition, over and over, until they become habits.

Tips for Better Listening

1. Listen with undivided attention; face and look directly at the person who is speaking.
2. Accept 100% responsibility for both understanding and being understood. Perception; check regularly to ascertain that you finally understand what is being said.

"How do you mean that exactly?"
3. Withhold judgment — Refrain from jumping to conclusions, especially negative assumptions.
4. Pause before replying — Take a few seconds to absorb what the person is saying.
5. Be patient — People often need time to warm up and get to the point.
6. Feed it back before replying — To be sure that the communication is clear.
7. Encourage the person to elaborate and express his entire thought, idea or concern.

Goal Setting Exercise

You will have thirty (30) seconds to write down three to five goals in each of the following categories:

(It is important that you respect the 30 second limit.)

Career and Professional Goals

1. _____
 2. _____
 3. _____
 4. _____
 5. _____
-

Financial Goals

1. Annual Income Goal _____
2. Monthly Income Goal _____
3. Hourly Income Goal _____
4. Annual Retirement Income Goal _____
5. Life Estate _____

Material Goals — (House, Car, Boat, Plane, Cottage, etc.)

1. _____
2. _____
3. _____
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5. _____

Family and Personal Goals — (Tangible and Intangible)

1. _____
 2. _____
 3. _____
 4. _____
 5. _____
-

Self-Improvement Goals — (Memory, Public Speaking, Concentration, Self-Confidence, Courage, Assertiveness, etc.)

1. _____
2. _____
3. _____
4. _____
5. _____

Write your top three goals below, in order of preference:

1. _____
2. _____
3. _____

Goal Planning Sheet

Define your goal clearly in specific, measurable, time-bounded terms in as much detail as possible. Write in the present tense, as though the goal was already a reality.

("I am, I have, I can, I achieve," etc.)

Clearly define the obstacles that stand between you and your goal at the present time:

Clearly specify the additional knowledge you feel you will require to achieve your goal:

Clearly identify the individuals, people, groups or organizations whose cooperation you will require to achieve your goal:

"What's in it for them?" What will you do for or give them in order to assure their cooperation?

"What's in it for you?" How will you personally benefit from achieving this goal? Why do you want it?

Activity Planning Sheet

Goal No. 1 List as many different activities as you can think of which could move you toward your goal.

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9. _____
10. _____

Goal No. 2 List as many different activities as you can think of which could move you toward your goal.

1. _____
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9. _____
10. _____

Goal No. 3 List as many different activities as you can think of which would move you toward your goal.

1. _____
 2. _____
 3. _____
 4. _____
 5. _____
-

6. _____
7. _____
8. _____
9. _____
10. _____

Sharpening Your Mental Skills for Better Problem Solving and Decision-Making

Problem-Solving Methodology

1. Begin by assuming a logical, workable solution – positive.
2. Change your language to challenge, opportunity.
3. Clearly define the problem, in detail, in writing.
4. Identify the obvious and **hidden** assumptions.
5. Ask, "What are all the possible causes?" – Research.

Ask, "Are these true causes?" – Analysis.

Ask, "What if these were not the causes?"
6. What are all the possible solutions?
 - Ask everyone – research – be open to everything.
 - What are the basic assumptions?
7. Make a decision!

A) What exactly are we trying to preserve, avoid or achieve?

Clearly – in writing – be precise.

B) What are our minimum boundary conditions?

What must be accomplished by the decision?

C) What additional things would we like to accomplish?

D) Which solution, or combination of solutions most ideally fit the boundary conditions?

E) How and by whom can it best be implemented?

8. Action planning.

- Who is to carry it out?
- How much will it cost?
- When is it to be accomplished?

9. Do it now!

Sense of urgency.

Implementing Your Action Plans

The first step in goal-centered living and goal-centered management is the setting of clear, measurable, time-specific goals and objectives.

The second step is the development of detailed plans, organizing the key activities, or steps to the goal, in the order in which they are to be accomplished.

The next three steps are essential to developing an ongoing system of maximum performance and effectiveness.

Analysis

Take the time to sit, plan, reflect. All great achievers are great planners. Develop a habit of thinking on paper.

"Action without thinking is the cause of every failure." – Peter Drucker

Make a list of essential activities before starting to work every day, week, month.

The best time to prepare your list is the night before; this allows the subconscious to work on your problems while you sleep.

Planning pays off four-to-one in execution.

Time planning requires self-discipline and will-power —

— Pays off in reduced stress, increased energy, improved concentration.

Without a list, you are likely to occupy yourself with the trivial many, versus the vital few —

— Majoring in minors, accomplishing small, useless tasks.

Work on your major goals and key activities every day.

Setting Priorities

Always begin your day by numbering the items on your list in order of priority.

Use the Pareto Principle — 80/20 rule.

Focus on contribution: "What outputs, results, are expected of me?"

Focus on accomplishments versus activities: "What is the most valuable use of my time right now?"

Do first things first and second things not at all.

Never spend time on a lower priority task when there are higher value tasks still undone.

Concentration and Single Handling

Do the right things and do things one at a time.

Concentrate on the few areas where outstanding results are possible, where big differences can be made.

Once you have begun a top-priority task, try to stay with it until it is 100% complete.

Set deadlines for important goals and activities and stick to them. Use deadlines as a "forcing system" to keep you working at peak potential.

Major tasks usually require fairly large chunks of unbroken time, minimum 90 minutes.

Concentrated, directed activity is a source of energy and enthusiasm.

The ability to concentrate single-mindedly is a fundamental requirement of all great achievement.

Develop a sense of urgency and compulsion to closure — two key stepping stones to high performance.

Pulling It All Together

"Successful people are those who make a habit of doing what failures don't like to do."

"Self-Discipline is the master key to riches." — Napoleon Hill

Time Savers and Time Wasters

To help diagnose any time-management problems you have, place a check in the box next to each practice you routinely follow:

- Time Savers
- Plan telephone calls
- Have secretary place calls

- Have secretary screen incoming calls
- Have secretary screen incoming visitors
- Have secretary screen mail
- Sort mail according to priorities
- Route information to proper department
- Write brief, concise correspondence
- Use form letters and paragraphs whenever possible
- Use dictating machine
- Telephone instead of writing memos whenever possible
- Use memos only to clarify, remind or confirm
- Act on paperwork when you pick it up - or at least schedule initial steps for action
- Read articles, write or dictate letters and reports on long trips
- Set goals and assign priorities
- Organize daily work according to priority
- Tackle tough assignments first thing in the morning
- Plan the day with secretary
- Set aside "quiet hour" each day for thinking and planning
- Overcome procrastination by breaking down big tasks into manageable chunks, then take one step at a time
- Set deadlines for projects, reports, etc.

- Place conference calls instead of holding meetings
- Schedule meetings with staff
- Prepare agenda for meetings and stick to it
- Limit meeting attendees
- Start and end meetings on time
- Have secretary make appointments
- Limit appointment time
- Keep desk clear and organized
- Keep calendar up-to-date
- Maintain tickler file
- Say "No" to unwanted commitments and responsibilities
- Make out travel itinerary
- Travel light
- Delegate heavily

Time Wasters

- Taking unnecessary, unscreened telephone calls
- Answering own telephone
- Placing own calls
- Drafting and dictating simple correspondence (instead of delegating to secretary)

- Poor writing and dictating habits, wordy correspondence
- Trivial forms
- Writing memos when telephone calls would achieve same results
- Sorting own mail
- Shuffling papers
- Duplication on files
- Bulging file cabinets
- Allowing drop-in visitors — "Open-Door Policy"
- No time limits for appointments
- Too many meetings - scheduled or unscheduled
- Failure to start and stop meetings on time
- Too many meeting attendees
- No agenda, priorities for meetings
- Ineffective or incomplete meeting follow-through
- Lack of objectives, priorities, deadlines
- No daily to-do list, schedule
- Failure to do most important priorities first thing in the morning
- Constantly switching priorities
- Leaving tasks unfinished; jumping from task to task
- Attempting too much at once

- Procrastination
- Indecision
- Socializing, idle conversation
- Initiating "Hall Conferences"
- Inability to say "No"
- Cluttered desk and office
- Involved in too much detail, "Doing it myself"
- Giving secretary one thing at a time
- Repeating instructions
- Ineffective delegation
- Duplicating someone else's efforts
- Unnecessary travel — not looking for another way to get same results
- Personal business calls
- Crises, fire fighting instead of fire prevention

Your Spring Board to Excellence

Ongoing personal development is your key to achieving your goals and becoming a total success in life.

1. Reading - in your area of interest.
 - A) One book per month, twelve books per year
 - B) 20 - 30 minutes each morning
 - C) Lunch hours, coffee breaks, waiting time

2. Additional education - courses, seminars - you can develop the skills you require for success.
 - A) Public Speaking - selling, communicating
 - B) Effective Writing
 - C) Physical Fitness
3. Listen to tapes in your car.
 - A) Make your car a university on wheels
 - B) 12,000 Miles per Year = 500 Hours = 12-1/2 Weeks =
One University Semester
4. Always ask, "Is what I am doing right now moving me toward my major goals?"

Find out what failures do, and don't do it.
5. Associate with the right people; fly with eagles.
6. Self-discipline is the master key to riches.
7. Persist until you succeed.

Success is Yours

(From *Wisdom of the Ages*)

First, Begin at once, at this precise moment to choose some subject, some concept, some great name or idea or event in history on which you can eventually make yourself the world's supreme expert. Start a crash program immediately to qualify yourself for this self-assignment through the three R's of modern adult education - reading, research and reflection! Establish yourself as one who has the most knowledge, the deepest insight and the most audacious willingness to break new ground by defining your terms and actually examining all the alternatives and consequences.

Second, Master the art and technique not merely of rapid reading but creative reading and creative research. Learn how to use a library and how to build a home library of your own. Back in 1913, high school graduates were still singing the old refrain: "No more pencils, no more books, no more teacher's saucy looks." They were throwing away their books and saving their diplomas. Do just the opposite. Forget your diploma, or throw it away, but save your books and use them night and day.

Third, Learn the supreme art of getting sixty seconds out of a minute, sixty minutes out of an hour, twenty-four hours out of a day, you have as much time as everyone else your age. Save it, hoard it, plug up all the leaks. If necessary, stand on the street corner, cap in hand like a mendicant, and beg all the passers-by for the seconds and minutes and hours and days they waste.

Fourth, Master the basic art of preparation: Discipline yourself to do your homework first, especially after you finish your formal education. Remember, always, in the words of Pascal, that chance (or fortune) favors the prepared mind.

Fifth, Begin now to learn the art and science of preventative medicine. Prepare to outperform and outlive your doctors. Emerson said it best: "Give me health and a day, and I will make the pomp of emperors ridiculous."

Sixth, Work hard, think big, and always have a dream beginning with a detailed blueprint and plan for your agenda, your priorities, your first things first. Put a firm foundation under your castles in Spain, in the form of these step-by-step, play-by-play specifics and make your dream come true.

Seventh, Remember the three challenging questions of the great Hebraic Sage Hillel: "If you don't care for yourself, who will? If you care for yourself, who are you? If not now, when?"

Eighth, Remember the words of H. L. Mencken that most people don't recognize opportunity when it comes along, because usually it is disguised as hard work.

Ninth, Always keep in mind the maximum of my first and foremost editor, Herbert Bayard Swope of Joseph Pulitzer's Old New York World, who said, "I can't give you any formula for success, but I can give you a sure formula for failure - try to please everybody."

Tenth, Remember with Robert Ingersol that the time to be happy is now; the place to be happy is here; the way to be happy is to make others so.

Eleventh, Remember always that people never buy things or services...they just buy **solutions**, for their **problems**. Your job is to help them find those **solutions**.

M. Lincoln Schuster

Carry On!

It's easy to fight when everything's right,
And you're mad and the thrill and the glory;
It's easy to cheer when victory's near,
And wallow in fields that are gory.
It's a different song when everything's wrong,
When you're feeling infernally mortal:
When it's ten against one, and hope there is
none,
Buck up, little soldier, and chortle:

Carry on! Carry on!

There isn't much punch in your blow.
You're glaring and staring and hitting out blind;
You're muddy and bloody, but never you mind.

Carry on! Carry on!

You haven't the ghost of a show.
It's looking like death, but while you've a breath,
Carry on, my son! Carry on!

And so in the strife of the battle of life
It's easy to fight when you're winning;
It's easy to slave, and starve and be brave,
When the dawn of success is beginning.
But the man who can meet despair and defeat
With a cheer, there's a man of God's choosing;
The man who can fight to Heaven's own height
Is the man who can fight when he's losing.

Carry on! Carry on!
Things never were looming so black.
But show that you haven't a cowardly streak,
And though you're unlucky you never are weak.
Carry on! Carry on!
Brace up for another attack.
It's looking like Hell, but - you never can tell:
Carry on, old man! Carry on!

There are some who drift out in the deserts of doubt,
And some who in brutishness wallow;
There are others, I know, who in piety go
Because of a Heaven to follow.
But to labor with zest, and to give of your best,
For the sweetness and joy of the giving;
To help folks along with a hand and a song;
Why, there's the real sunshine of living.

Carry on! Carry on!

Fight the good fight and true;
Believe in your mission, greet life with a cheer;
There's big work to do, and that's why you are
here.

Carry on! Carry on!

Let the world be the better for you;
And at last when you die, let this be your cry:
Carry on, my soul! Carry on!

Robert W. Service

Recommended Reading for Making Money

Maximum Achievement	Brian Tracy
21 Success Secrets of Self-Made Millionaires	Brian Tracy
The 100 Absolutely Unbreakable Laws of Business Success	Brian Tracy
Hire and Keep the Best People	Brian Tracy
Eat That Frog!	Brian Tracy
Focal Point	Brian Tracy
Think and Grow Rich	Napoleon Hill
Financial Genius	Mark O. Haroldson
The Magic of Believing	Claude Bristol
Fast Growth Management.....	Mack Hanan
The Entrepreneur's Guide	Deaver Brown
Managing for Results	Peter Drucker
Realize Your Potential.....	Robert J. McKain, Jr.
Working Smart	Michael Leboeuf
The Practice of Management	Peter Drucker
How to Master the Art of Selling	Tom Hopkins
Businessman's Checklist for Success	Shaw and Day
The Art of Negotiation	Gerald Nierenberg
You Can Negotiate Anything	Herb Cohen
How to Get Control of Your Time, Etc.	Alan Lakein
The Time Trap.....	Alex Mackenzie

Goal Setting Exercise

You will have thirty (30) seconds to write down three to five goals in each of the following categories:

(It is important that you respect the 30 second limit.)

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Clearly specify the additional knowledge you feel you will require to achieve your goal:

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"What's in it for them?" What will you do for or give them in order to assure their cooperation?

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Activity Planning Sheet

Goal No. 1 List as many different activities as you can think of which could move you toward your goal.

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8. _____
9. _____
10. _____

Goal No. 2 List as many different activities as you can think of which could move you toward your goal.

1. _____
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4. _____

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8. _____
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Goal No. 3 List as many different activities as you can think of which would move you toward your goal.

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 2. _____
 3. _____
 4. _____
 5. _____
 6. _____
 7. _____
 8. _____
 9. _____
 10. _____
-

