

# Tips from the Top

Business insights from those at the top for those at the top.



THE ALTERNATIVE BOARD

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Gary Brunson



Debra Rider



John Kurtze



Dick Wooden



Don Stohler

## This Is The Time To Make Relativity Adjustments In Pay

If pay cuts are needed, take the opportunity to make relative adjustments instead of across-the-board reductions. If you believe you are paying, say, one employee more than they should be making in relation to the rest of the staff, this is the time to dial down their compensation. It's never an easy thing to make pay adjustments but, if you need to, now is the time to bring everybody's salary to the right level.

Board 402, TAB Greater Hartford, CT

[back to top](#) ►

## Pay Cuts Can Improve Morale

A member of our board reported that, due to the difficult economy, he had to cut salaries 10 to 15 percent earlier this year. He explained to his employees that he had to trim costs because the company was losing money, but he did not want to lose any of them because he considered them all valuable to the company. As he was trying to avoid layoffs he reduced his own compensation as well.

What surprised him most was that not only did his employees understand and accept the situation, but in fact, this action seemed to create a kind of esprit de corps—people bonded together, rolled up their sleeves and seemed to work even harder than they did previously. The bottom line is, if pay cuts are needed and are explained properly, employees will not only accept the situation without balking, they may surprise you by their willingness to be part of the solution to getting the company back on track.

TAB Greater Hartford Board, Hartford, CT

[back to top](#) ►

## Institutionalizing Post Mortems

It's important to remind clients about all the things you do for them that go above and beyond what they ask you to do.

We have now started to put in place a formal review process that takes place after each project is completed. It is prompted when an invoice is sent out and it involves looking at everything we did that had an impact on the project. The result is a formal report that we deliver to the client along with the invoice.

Mark Rickard, Rickard List Marketing, Melville, NY

[back to top](#) ►

## Working with TAB Business Vantage®

TAB Business Vantage®, The Alternative Board®'s online business performance assessment tool, is designed to give an in-depth, 360-degree snapshot of a business's current performance compared to its business priorities. It can be intimidating, but it needn't be if approached systematically.

Start by breaking it down into its 10 sections and address one at a time. Use the graph to help set priorities. Establish the current score on the section, say, 28 percent. Then identify the items in the section where you want to go for more and

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## Private Appointment

Learn How Other Area Businesses Develop a Strategic Advantage.

We invite you to request a private meeting to learn how The Alternative Board may be a resource for your business success in a difficult economy.

[REQUEST A MEETING](#)

## Inside this Issue

- [This Is The Time To Make Relativity Adjustments In Pay](#)
- [Pay Cuts Can Improve Morale](#)
- [Institutionalizing Post Mortems](#)
- [Working with TAB Business Vantage](#)
- [Explore the Benefits of a Bonus Program](#)
- [10 Tips On Reducing Expenses](#)
- [Quick Tips](#)
- [Private Appointment](#)

## Hear How We Help Our Members



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what you want to do. Write it all down! Then recalculate the new score, say, 72 percent. Create an action plan out of the items in the section before moving on to the next section.

At the end of the year, you can re-do TAB Business Vantage and see, first, what improvements you've made and, second, what you want to tackle next. This is a very effective way to make progress—and to measure your progress.

*Jonathan Watkins, Wright Music, Port Washington, NY*

[back to top](#)

## Explore the Benefits of a Bonus Program

It's always a challenge to retain quality employees who reach the high point of the corporate pay scale for their job descriptions. One solution is to share the company's budget and profit goals with everyone and then develop a bonus program that, at the end of the year, distributes bonuses based on profits exceeding budget. This allows maxed-out employees to share in the corporation's profits while staying motivated to continue their excellent work.

*David Williams, Bill Yount Signs and Electric, Inc., Overland, MO*

[back to top](#)

## 10 Tips On Reducing Expenses

Here are a handful of suggestions for trimming your corporate expenses:

- **Reduce your W-2 wages** and do distributions for the rest of your salary. This will reduce Medicare payments. It does require you to do tax planning and save a percentage of your distribution to pay Federal and State tax, but it will also save you 2.5 percent for Medicare.
- **Consider discussing with your employees the need for layoffs** and see if they prefer having a pay reduction to maintain their employment
- **Consider negotiating** with the union.
- **Rather than giving bonuses**, utilize "pay for performance". In this way, the employees do not feel entitlement and you only need to pay if in fact they get their work accomplished.
- **Review your liability insurance** since it is based on revenue. Reducing your insurance if you have a decrease in revenue is important.
- **For worker's compensation insurance**—even though you paid in advance for the year—you can ask for a payroll audit to reduce or get a refund if you reduced your payroll.
- **To maintain travel expenses**, consider giving only the IRS allowance to your employees rather than paying for meal expenses. Also, discontinue paying for alcohol.
- **Use airline points** to pay for airplane tickets.
- **If you have a timeshare** and you will be traveling, consider using the timeshare instead of a hotel.
- **Lower the IRS allowable mileage** since gas has gone to a lower rate-per-mile.

*TAB Board 502, Suffolk County, NY*

[back to top](#)

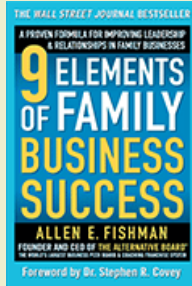
## Quick Tips

### Don't Let Phone Time Hang You Up

Do you drop everything when the phone rings? Stop letting the phone interrupt you and start managing your time by using a professional phone answering service. You set the parameters, you dictate what gets through to you and what doesn't and you maximize the use of your time.

*Ken San Pedro, The Carpet Cleaning Guy, Long Island, NY*

## Dealing With Government Clients



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When selling to the government, small businesses frequently become frustrated at all the endless delays. Instead, stay calm and try to understand the mindset of the government bureaucrat. If there is no pressing problem to fix something, what is the upside of approving something new? If it fails, it's his fault. If it succeeds, things are merely no worse than they were previously.

*Jeff Garvens, Acme Holdings, Inc., San Antonio, TX*

### Consistency In Operations

Adjusting your operations every time business gets better or worse requires too much misplaced effort. We try to operate like we're breaking even or worse, losing money, all the time. Don't be one of those companies that doesn't operate as tightly when business and profits improve. It's to your advantage to be consistent and to operate like things are bad all the time.

*Danny Selman, Lone Star Pet Supply, Schertz, TX*

### Seeking New Representation

If you are seeking new representation for your product and don't know who to use, try contacting some of your current customers and asking them if they have any suggestions. They may have some good ideas you never thought of, especially if they have the opportunity to suggest someone they believe would be good for your mutual business relationship.

*Jerry Lawson, W.W. Wood, Inc., Pleasanton, TX*

### Manage Your Clients' Expectations

Don't be afraid to re-set the client's expectations when something occurs that keeps you from meeting the original terms of the order. All too often when we encounter delays to the performance of the order, whether it be from the failure of a client to supply needed information to a key supplier changing the delivery date of materials to be incorporated, the change is not communicated promptly to the client as our staff tries to otherwise scramble. This may only compound the problem when the information must be ultimately shared on the actual performance period and conditions due to the delay.

*Tracy Fisher, Covenant Food Marketing, St. Louis, MO*

[back to top](#) >

### ABOUT THE ALTERNATIVE BOARD®

The Alternative Board® is comprised of members who are business owners, CEOs or presidents who run businesses in non-competing fields. During a TAB Board meeting, you receive the benefit of the collective experience of the board members, who offer practical solutions to your problems-not theories.

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