

ENGAGE EMPLOYEES FOR MORE BUSINESS SUCCESS: Ideas, Tips & Tools that get your employees more engaged in economic response/recovery!

Wow, we're blown away by nearly two dozen of you who responded to our CEO Tools request to share tips, tools and ideas that have been successful with your employees during these troubled times. We promised anonymity, so we've edited the responses only to protect identities. In every other regard, we've tried to communicate the following "sharings" pretty much as originally written to provide phenomenal ideas for improvement of all CEO Tools Club Members' businesses!

A – We are doing monthly lunch events for our employees in the office. We are also doing quarterly restaurant lunch trips: I take my direct reports as a group, they take their reports, and so on so that everyone gets out of the office at least once a quarter. We talk 50% personal and 50% business, but we keep it upbeat and we don't turn it into informal reviews. We're a small company, so evaluate if this might work just as well for very large organizations.

B - We had a "build-day" during the week with Habitat for Humanity as a team building exercise. The only cost was for a pizza lunch and soft drinks and water. Habitat really appreciated our efforts and the employees got to work with each other outside the office. Much better than another boring late-night business dinner and "rah-rah" speech from the president.

C - Because we are a tour company, we need our employees to talk up our tours when people walk in the door. We have done a trade with some local restaurants...gift certificates for advertising in our tourist publication. Whenever we see or know an employee has done a great job, either "selling" or on tour, we give them a \$25 gift certificate to eat out. In this economy, a free meal out is a treat, and the local restaurants know they may get some repeat business once they get people in the door. We also do this with hotel agents who sell our tickets when we see they are selling or promoting our tours.

D - We had a strategic planning meeting yesterday and we talked about having each of our seven counter sales people "champion" one of seven twelve-month-trailing average charts (12MMA) that relate to their performance: new accounts sales, margins, sales, installed sales, etc. This approach would help with buy-in and brain-storming.

E - My company is winning business by "share shifting" or taking customers from our market competitors. When struggling firms cut meals and entertaining, we step up with more events and dinners.

F - "Keep Score." (Chart sales progress toward goals in an area where all employees will see it regularly.)

G - We meet monthly to review revenue and profit for the month, ytd #s and how we compare to prior years. We also report what our customers are doing to get through the difficult times and pat ourselves on the back for not having had to take furloughs, layoffs, etc.

H - The dozen CEOs in our president's group have dug into their costs and cut everywhere they can. Today most if not all are a better run company due to TTM (Trailing 12-Month) Key Performance Indicators (KPIs). Yet the #1 concern today is developing a "predictable" sales and revenue pipeline as well as focusing on the "most meaningful" leading indicators. Our tips are:

1. Reduce the # of initiatives and focus on developing timelines and overall completion dates
2. Create or revisit your sales cycle. Most of my members are seeing the value to set up/have the following:
 - i. Prospect future client or customer lists from marketing leads, Top 10 current clients and/or a vertical market interest
 - ii. Define your "ideal" client and focus your energies in that direction
3. Set up or configure your CRM with a multi-step numeric trigger or recognition metric. You want to see a future or pending sales or revenue snapshot on where you are in your selling cycle. Considerations are:
 - i. 1 thru 4 – name recognition, out bound lead or inbound internet/web identified, initial contact made via phone or email, telephone connection w/ discussion or telling session
 - ii. 5-7 – determine the pain/opportunity, gain agreement that pain is significant and prospect wants to go forward, proposal, purchase or engagement PO arrives
 - iii. This not only separates the curious (1-4) from the serious (5 -7), it enables you to create a snapshot on your "predictable" foreseeable pipeline (5-7)
4. Update/revisit your website – over half have gone live in the past 60 days with a new look
 - a. Traditional Marketing (outbound) is being offset/replaced with Internet (inbound)
 - b. Manage your Social Media networking – marketing, branding, PR, customer satisfaction surveys, etc.
5. Consider a "We've missed you" marketing campaign for clients that have stopped buying from you in the past 6, 12 or 18 months. It's a lot less costly to reconnect with a current or past client than to create a new one. "Refer a Friend" campaign with a promised gift to develop new business relationships is another dashboard opportunity.

I - We provide a weekly newsletter with the paycheck to all our employees, usually from me (CEO) but sometimes from the HR manager, Quality Manager (ISO related issues) or even our production manager. We are using this along with departmental meetings with the CEO to keep folks updated on our situation and what we are doing to deal with it. One area we continue to wrestle with is getting people to understand the difference between "expenses" and "investments" when it comes to making necessary cost reductions. For example: why it is necessary to lay off 5 production people while still maintaining our outside marketing consultant and entire sales staff?

Our efforts have been in explaining that we cannot "save" our way into profitability, but need to increase overall sales to continue to cover overhead and avoid additional cuts in areas that may affect our speed of recovery. Our goal is not to survive in the short term by hamstringing our longer-term growth, as we will simply further extend the pain. We also need to continue our customer service and development efforts now more than ever, as we need to grow the business regardless of the economic recovery that no one can predict. Waiting around for the phones to start ringing is simply not an option.

Cut expenses, maintain or even increase development and sales efforts, and if at all possible increase customer service and quality. It's a huge undertaking, but when we do recover it will be earlier and stronger than others and the added efficiencies and productivity will help profits balloon on similar pre-recession sales numbers.

J - We have been trying to raise new equity since August of last year. Obviously, there were no deals being done. In March, 2009 with cash really tight, I met with our employees (13) and advised them that we needed to come up with a survival plan. We knew we could raise some funding from our current investors but may run out of cash before then. At the suggestion of the employees, we came up with a 75 day survival plan, which was the time we felt was needed to raise more money and generate a few sales. The employees volunteered to take a 40% wage cut and I took a 50% cut during this 75 day period. We reduced our other operating costs by 40%. We lost a couple of employees and those that stayed became more focused. They all became more aware of value of money and how much we had. We did raise more money (\$450,000) and established some strong sales leads. We survived long enough to close on our tranche of financing tomorrow at around \$5 million(not bad in this market). This will allow us to launch our sales and marketing plan. We will be hiring new employees again. Those that stayed reverted back to their previous salaries after the 75 days (more like 90 days) and received stock options to make up for their sacrifice. With new funding and a focused team, we will now determine our own destiny.

K – One source suggested that we “not go it alone.” Seek out the Senior Corps of Retired Executives (SCORE), the U.S. Small Business Administration (SBA) and your local state-university-sponsored Small Business Development Centers (SBDC’s) as tremendous sources of help. Find them and use their resources!

L - We have a sales force that is paid commissions when sold and commissions pulled back (returned to company) when overdue (use to be 120 days)

- 1) We reduced the time to pull back of commissions to 90 days from 120 days and the employees have greatly reduced our AR
- 2) We have customers that are our bottom 10% in volume and were low in profit so we went on a mission to improve the bottom 10% by raising prices or eliminating the customers
- 3) We eliminated poor performing employees (10%) and spread the work to top performers and since we reduced customers (bottom 10%) we were able to increase profit and NOT suffer in customer service
- 4) We had already invested in technology in 2008 so administrative work is more automated including AR field support.
- 5) We have newsletters, weekly sales meetings, and use trailing 12-month charts (T12Ms) for key indicators.

M - Building on your monthly one page business progress report for employees, I am holding a monthly half hour meeting with our employees. Staff members working outside of our Corporate Headquarters attend via our VOIP conference bridge. This allows employees to hear the information personally from me and also allows everyone to ask questions and make suggestions.

N - I have taken a completely transparent stance with my employees. During the last 8 months we have had to make some pretty difficult decisions regarding benefits and employees. I used your one page business plan. We shared it as a group showing our own personal recession as a company and where we would have to be employee wise to survive this new economy. We also set a Big Audacious Goal (BAG). It was hard to conceive knowing that our door swings were down and shrinking but we set it and are working toward it. We have had monthly update meetings again with transparency as the focus. This has been amazing watching everyone pull on the rope in the same direction.

As the dealer principle, I had to put aside my feelings of failure. Failing to advertise correctly, to drive door swings, everything was landing on my shoulders. I had to get my head wrapped around the fact that I cannot do anything about the economy. I can control what I can control. What did we do with the last phone call? How many outbound phone calls did we make today? How many customers came in the store and what did we do with them? What is the value per customer? How can we drive that up? In the big picture a rising tide floats all boats but when the tide is out YOU MUST CONTROL WHAT YOU CAN CONTROL.

O - We have done a number of things here with our employees:

1. As President I have increased my meetings to monthly instead of quarterly to keep them posted on how we are doing as a company. The feedback is they appreciate knowing how we are doing.
2. We requested that all the employees come up with ideas to cut cost and reduce waste. The results we received were three 8.5 x 11" pages of ideas we have since implemented.
3. We have a no overtime policy except for unique circumstances where we can be paid for same.
4. We have reset all A/C settings and have automatic shut offs with locked controls which has cut power costs.
5. We have cut material waste by adding check points in our production process with minor labor cost increases resulting in overall savings and out the door accuracy shipments of 99.92%.
6. We have stopped ordering all non-essential items.
7. Renegotiated contracts with vendors and gained significant savings.
8. Offered discounts for payments made in 7 days (5%) and 15 days (3%) to all our suppliers and had many of them take us up on our offer.

All the things we initiated a year ago August resulted in improving our bottom line 2% with a 7% revenue growth over previous year.

P - I would be happy to share some of the recent things we have done to engage our employees:

1. Because many employees have been afraid of losing their jobs I thought it was a good time to focus on the positive aspects of our company. We have undertaken formal strategic planning and have included our employees to take part in some of the processes. The goal here was for them to feel a part of the decisions we were making for the company.
2. We have decided to retool all our marketing materials and are including our employees to give us feedback and ownership of the process. The marketing pieces are all about our competitive advantage, bringing in our employees makes them feel positive about all they have helped to accomplish and what we have done together.
3. We have not been cutting any employee perks during this recession, in fact we have doubled what we spend and also been giving out tickets to baseball games to help share the wealth.

All in all, I really felt that with all the fear being reported we have needed to bring our people closer into the process to make them feel valued and to help me in making all the right decisions. It is amazing how much insight they have and what a contribution they can make when asked.

Thanks for all your informative information over the last couple years. I have to say that ever since I met you at a Vistage/TEC meeting and you taught us how important it is to look at trailing 12 month charts, I sleep so much better. Thanks for that!

Q - My Vistage Group met yesterday and included a role-playing exercise: "negotiating with your bank(er)". The "borrower" was a group member who really is meeting (today) with a new bank; the "banker" was a group member who was formerly a large company CFO and quite experienced with financial institutions; the group's members were the "loan committee" and the "bank Chairman" was another member who got to be very dramatic by throwing an unexpected wrench into the deliberations. All in all, this was a realistic, timely and value-added teaching moment for the entire group. (I am a former TEC member/banker.)

R - While I'm not actually the CEO, I am responsible for the majority of the operation, with the exception of Sales & Marketing. I certainly seem to be the "chief cheerleader" for the company in most cases.

For the five years I've been with the company, I have conducted a 15-minute stand-up meeting at the beginning of each month, including all employees. During the meeting, I cover key topics of interest and/or importance, and sometimes invite someone else to speak about a topic of note (safety, benefits, etc.). Over the past year, as the "economic downturn" has impacted our business significantly, we have had several rounds of layoffs, which has certainly had its impact on employee confidence and morale. For most of this year, I have included "state of the business" subject matter to provide some perspective to employees and a sense of why we've had to make some of the decisions that have been made. Most people have responded well and some have even thanked me for being so candid with them. In general, it seems to have impacted both morale and productivity. Another very important consideration: I always make sure that the meeting begins and concludes with something positive.

S - At one of our small businesses we recently purchased, we started giving the hourly employees the actual hours we estimated on each project. The response has been wonderful. Early indicators show almost every project is coming in under the estimated hours. The business is over 25 years old and the former owners were afraid to tell the workers how much time was estimated for each project. They are amazed at the positive response we have been getting. I honestly feel that people want to do a good job and if the construction economy was better, these union employees might be a little more indifferent to our estimated hours, but I am still happy to report that things are going in the right direction.

T - Hard work/elbow grease on:

Essentially doing everything possible, I mean every detail (while being as responsible as we can to spending) to insure that EVERYTHING we do screams quality and a brand that customers want to be associated with. Quality? Focus on everything, including our customer service and professionalism as well as tweaks and enhancements to systems and processes. Here are some of the ways:

- We are not a construction company, we are a retail SHOW ROOM like a car dealership. Spotless, "TRIG", fit and finish to the nines!!
- We have the cleanest most pointed up overall communities and homes in our market. We truly believe that. Tell all your friends and associates to compare. Our communities say

we CARE and translates to credibility (particularly financial in today's Real Estate world) and instills confidence in our customers.

- Our overall quality is superior to any homebuilder in our market and we continue to improve upon feature/benefit selling or making sure we get credit short term for superior quality (long term benefits are a given).
- Any issue that goes awry from a process standpoint (particularly as it relates to quality and customer expectations/service) we attack it. As a 21 year old company we have established many great protocols (we will stay on our toes though and not on our heels). No detail is too small. We have an updated PROTOCOL MANUAL that is revised consistently. The challenge is to make sure our team is appraised and up to speed.
- I could go on.....but the bottom line right now is the top line.....we have got to sell. Our job now is to convince the market that despite issues in the larger economy (unemployment being the real drag) NOW is truly a great time to buy a new home. We are grinding away and will get through.

Question: Our sales team is naturally discouraged to one degree or another. Any tips that come to mind that can help boost moral and energy? (Editor Response: Yes, celebrate even the smallest success or “win” with them, and start every meeting and every day with “positives.”)

U – Kraig, your second paragraph tells it like it is. 2010 will probably not be much better than 2009. Possible tax increases and further government intrusion into our lives will make it even worse.

We have been communicating with our employees periodically with letters that we include in their pay checks. We are a seasonal business so we have only had two so far. We are due for another this month. We are very fortunate in that our business is in the asphalt maintenance products and equipment field. It is much less expensive to seal-coat or maintain asphalt than it is to repave over existing asphalt. Through the end of August, our sales are even with last year and our profits are higher primarily due to reduced fuel costs on in-bound and outbound shipping.

We were able to provide our employees with 3 to 6% raises in late July after telling them in the two previous letters. We explained that we were not in a position to provide them with increases at the start of the season as we have done in past years.

Now I plan on writing a 3rd letter telling them we have potentially a pretty strong finish to our season ahead according to our customers, and that we need them to focus on customer service, productivity, and safety in order to reach our goal of providing annual bonus payments before Thanksgiving.

V - Consider using a “workplace chaplain” if your company has an employee death or other dramatic upset.

W – Walk your four corners (W4C) and add discussions of company goals plus how individuals' contributions will have their greatest impact. Also, answer employee questions on the state of the business. This will keep employees engaged and increase the flow of good ideas!

Many, many thanks to everyone who provided these valuable insights to improvement for our businesses during these tough times!

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September 21, 2009**