BUSINESS SEN$E

Next Level Tools for Entrepreneurs & Small Business Owners

FINANCIAL LITERACY SERIES

Overview

Building and running a business is no small feat, and understanding business finance shouldn't be a barrier for achieving success. If you're like many entrepreneurs, you have a general understanding of income vs. expenses. You know where to look on your financial statements to see how much cash you have in the bank or identitfy your net income. However, you may not know how to use the financial data you have to elevate your decision-making, negotiations and leadership skills.

In our **Financial Literacy Series**, we'll provide some basic financial education for entrepreneurs and small business owners to help you understand how specific financial statements are like a dashboard for your business and how this critical data and disciplined processes and practices can keep you on track to meet your business goals.

The Financial Literacy Series addresses the following topics and the key role they have on your business success:

- **The Importance of Financial Statements**
- **The Importance of Cash Flow Statements and 13-week Cash Flow Template**
- **The Purpose of Business Controls**
- **The Purpose of Internal Controls**
- **Functional Roles and Detail on Different Levels of Enterprise Accounting**

Business Sense is a no-fluff source of information that gets right to the heart of what small business owners need: essential tools and informational resources to help their businesses grow. Written by our team of business coaches, this series shares their decades of experience in areas such as financials, operations, sales and marketing, human resources, leadership, and governance. Business Sense is designed to provide entrepreneurs and small business owners in various sectors, including agriculture, forestry, waste management, renewable energy, and environmental technology, with recommendations and practical advice to help their businesses not only survive but thrive.

Our business management coaching and Business Sense Resource Guide are designed to accelerate the growth of the enterprises we work with and expand the leadership capacity of the enterpreneurs who own and manage these businesses.

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Importance of Financial Statements

Why is this important?

Financial statements are critical as they accurately reflect the business' performance and financial position. The knowledge the financial statements provide offers past and current performance benchmarks that inform decision-making. Financial statements help a business' owner(s) and management to make minor adjustments and/or determine the business' future direction to include expansion, financing, and even marketing by providing data indicating which aspects of company operations deliver the simplest return on investment. By publishing financial statements, management can also communicate with interested outside parties, like stakeholders, investors, journalists and industry analysts about its business accomplishments.

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Financial Statements

Finance and Accounting are seldom topics that excite entrepreneurs, yet they are crucial to the success of any enterprise whether start-up or well-established business. If you think of financial activities as inconsequential or mundane, you are missing the opportunity to fully understand your business and to make informed decisions to overcome your business challenges. You may also impede future growth of your business through the support of bankers and/or investors who will rely not only on your confidence but your thorough understanding of how your business works.

Three major financial statements essentially make up the "language of business." These statements provide a clear and efficient way for you to communicate to bankers, potential investors, vendors and employees – and to also tell you how your business is performing. The three financial statements are (1) the Balance Sheet, (2) the Income Statement (also referred to as the P&L or Profit and Loss Statement) and (3) the Cash Flow Statement.

In the cash basis method of Accounting, Income and Expenses are posted when money is received or paid, just like household accounting. Most businesses use this simple cash basis method when first starting up because it is easy to understand. This accounting method can continue to be useful if the business collects money immediately when the product or service is delivered, and if vendors are paid the same week that bills are received. However, the cash basis method does not accurately match revenue and its associated costs in the same time period if credit terms are offered, if there is a delay in paying bills, or for expenses that are paid in a lump sum but pertain to a whole year – like insurance premiums or subscriptions.

Most businesses eventually move to the accrual method of accounting which recognizes income when earned and expenses when incurred rather than when cash is received or paid. The accrual method provides a much more accurate picture of profitability in a time period which is essential for a growing business to understand.

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In both cash and accrual basis accounting all three statements are interrelated. However, it is the elegance of this inter-relationship in accrual accounting that enables the Entrepreneur to know if sales are increasing, whether cash is on hand and will be sufficient to meet obligations and whether the overall condition of the business is improving or deteriorating. The remainder of this article refers to accrual accounting.

Balance Sheet

The Balance Sheet is a statement of a company's financial position at a moment in time, or a snapshot that illustrates what your company is worth. The Balance Sheet has three major categories of entries: Assets, Liabilities and Shareholder's Equity. The Balance Sheet can tell you what is owed to you and not yet received, what you owe others and have not yet paid, cash you have in the bank, equipment you own outright, and equipment on which you may still owe money, and inventory (both raw materials and finished goods), furniture and leasehold improvements. The Balance Sheet also considers debt as well as investments.

Income Statement

An Income Statement (or Profit & Loss) is a statement of the revenue, expenses, and profits (or losses) the business has experienced over time. Generally, time is measured in months and cumulates over a calendar year. Importantly, the date for the Income Statement and the Balance Sheet must be the same so that profit or loss on the Income Statement and Net Income on the Balance Sheet align, meaning they are the same number.

Cash Flow Statement

A Cash Flow Statement, also referred to as Sources and Uses of Cash, is included by CPA's in audited financial statements. However, that statement is a static snapshot of the history of sources and uses of cash up to a specific period end that is being reported.

Managers of a small business need another type of cash flow that reports a few weeks or months of history and also projects cash flow in the future. This cash flow is built in a spreadsheet. It is highly recommended for businesses to look at cash flows over a period of 13 consecutive rolling weeks, or effectively a quarter of the year. A 13-Week Cash Flow Template is available in this Series for your reference to enable you to examine your business' cash flow.

Loan officers and investors may want to see a cash flow of months or years so that they can make an informed decision about the future viability of your business. Cash flow as a managerial financial statement may be the most important of all because in an entrepreneurial business "Cash is King." Though your Income Statement may demonstrate you are making a profit, if your cash is tied up in inventory, or your receivables are late, you will be unable to meet payroll and pay your suppliers. Bottom line - if you run out of cash, you are out of business.

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13-Week Cash Flow Model

Why is this important?

Cash flow can be an even more important measure of your business's health and eventual success than your revenue or profit. Why? Because without cash, you can't pay your bills or your employees. You can't purchase inventory, you can't pay rent, and you definitely can't afford to invest in your business's future. Most importantly, without a positive inflow of cash, you literally can't sustain day-to-day business operations. You need money in the bank to make purchases that keep your business afloat and help you avoid unnecessary debt. Said simply, when you have positive cash flow, you're making enough money to cover your bills and even reinvest in your business, expanding operations and hiring new employees. Cash flow statements are one of the key documents investors look at when deciding to finance your business or not. Put alongside the profit and loss (income) statement and balance sheet, the cash flow statement reveals the state of your business, which in turn helps investors decide if they trust you with their money.

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13-Week Cash Flow

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Simple and effective for managing cash, the cash flow template provided in this Series is standard and recognized by bankers and investors, and will become an indispensable tool for owners and managers.

Some Basic Concepts Related to Cash Flow Statements:

1. Sales on Income Statement (aka as P&L, or Profit and Loss Statement) does not equal cash in accrual accounting which is recommended for any business intent on growth.

- Receivables are recognized as income when posted, but cash receipt may be delayed.
- Disputes/Returns will decrease incoming cash.
- Depending on when customers actually receive your goods, payment may or may not conform to the payment terms you have set.
- Depending on your vendors' terms, you may need to pay their invoices in a timely way that decreases cash.

2. Purchases of Raw Materials usually do not hit the P&L until they are consumed and show up as Cost of Goods Sold, but those purchases decrease cash, often, long before they are consumed.

3. As you experience growth, Purchases and Expenses will ramp up quickly, but Sales and Collections generally lag. This is why it is important to closely watch your cash.

4. Watching your cash flow enables you to look ahead and anticipate growing pains or, in the case of a pandemic or other external issue, consider austerity measures and plan strategies to get through these periods.

- You can work with vendors to delay payments.
- You can work with your bank to delay or defer payments or make interest only payments.
- You can work with customers to advance payment terms.
- Having 13 weeks or more of closely monitored cash flow instills confidence in your creditors that you are in control.

5. Always tell your creditors/bankers EVERYTHING. Do not hold bad or disappointing news in the hopes that something will improve. The more they know, the more they can help.

6. Why 13 weeks? It's the length of a quarter, so it's a convenient measurement period. A 13-Week Cash Flow Template is available in this Series in two formats: a pdf visual reference as well as an editable Excel file you can download to enable you to input your data and examine your business' cash flow.

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13 Week Cash Flow Chart

COMPANY 13 WEEK ROLLING CASH FLOW PROJECTIONS

WEEKS		**Mon 6-Jun**	**Mon 13-Jun**	**Mon 20-Jun**	**Mon 27-Jun**	**Mon 4-Jul**	**Mon 11-Jul**	**Mon 18-Jul**	**Mon 25-Jul**	**Mon 1-Aug**	**Mon 8-Aug**	**Mon 15-Aug**	**Mon 22-Aug**	**Mon 29-Aug**
Opening Bank Balance		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
SOURCES OF CASH														
Large Customers	Current A/R													
Customer 1														
Customer 2														
Customer 3														
Customer 4														
Customer 5														
Customer 6														
Customer 7														
All Other Customers														
Other Sources of Cash														
Debt														
Investment														
Miscellaneous														
TOTAL CASH IN		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
USES OF CASH **OPERATING EXPENSES**														
Payroll														
Payroll Taxes														
Benefits														
SUBTOT SALARIES		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Accounting/Legal														
Advertising/Marketing														
Insurance														
Office Supplies														
Maintenance and Repair														
Rent														
Shipping														
Travel														
Utilities														
Vehicle Expenses														
Income Tax														
Blank														
Blank														
SUBTOT OPERATING EXPENSE		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
PURCHASES-INVENTORY														
RAW MATERIALS	Current A/R													
Vendor 1														
Vendor 2														
Vendor 3														
Vendor 4														
PACKAGING														
Vendor 1														
Vendor 2														
Vendor 3														
SUBTOT PURCHASES	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
TOTAL CASH OUT		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
ENDING CASH BALANCE		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
		6-Jun	**13-Jun**	**20-Jun**	**27-Jun**	**4-Jul**	**11-Jul**	**18-Jul**	**25-Jul**	**1-Aug**	**8-Aug**	**15-Aug**	**22-Aug**	**29-Aug**
WEEK ENDING BANK BALANCE														
Difference		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

NOTES:

1. Review and Update Weekly
2. In Challenging times you may wish to change weekly to daily.
3. At the end of each week add a new week to create a rolling cash flow

VSJF will provide an Excel Version (with working formulas) of this template upon request.

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Purpose of Business Controls

Why is this important?

Business controls are the intelligent processes, procedures, and safeguards that protect your company from uninformed or inappropriate decisions or actions by any team member. As you grow your business, you want your management team as well as your employees to have both the knowledge and the authority to complete tasks without running everything past you. Business controls enable employees to exercise their judgment and use their discretion if you have empowered them with the ground rules, feedback, and systems they need to do their best work. As a specialized subset of your business, business controls and SOPs facilitate and support your employees' performance, ensure product quality and consistency while eliminating inefficiencies and waste, and reinforce a culture of continuous improvement and growth across your organization.

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Business Controls

Internal Controls are a function of financial operations. So what are Business Controls? Business controls are any process, practice, policy, tool or system used to allow management to guard against inconsistencies, lack of accountability and waste. Many business controls are considered part of best practices. What you will notice over time is that your Business Controls have a strong effect on your business culture. If you take business controls seriously, and hold yourself and your employees accountable, you will find that your employees will also take them seriously.

Here are some examples of Business Controls:

1. Standard Operating Procedures (SOPs)
This is more of a tool than a process control, but it is at the top of the list because it is a method or process control and the essence of consistency and efficiency. When you develop processes in your business, document the process and make sure that it is done the same way every time. If there are exceptions to this SOP, then document them so only the same exceptions are acceptable.

2. Strategic Planning
Strategic Planning is essentially the process of establishing goals for the business and specific plans to achieve those goals. A Strategic Plan is a roadmap, with an explicit commitment to direct resources to achieve the stated goals. Goals should be specific, measurable, achievable, relevant and time-bound, or SMART. Learn more about SMART goals in our Business Operations Guide.

3. Financial Controls
Financial Controls are broader than the Internal Controls. Financial Controls includes the process of developing a budget and holding regular variation reviews to determine whether the company is on track to achieve its stated intention. A budget offers insight into the operations of the business and allows time to adjust plans and/or tactics to achieve annual goals. Budgets often include key targets for revenue, expense and bottom-line profitability. Included in Financial Controls are Managing Costs and Expenditures, Standardized Billing, Business Case Analysis or Return on Investment for Capital Expenditures. Wherever there is an activity that happens repeatedly, develop an SOP to guide employees on the way you want these activities done, and then routinely monitor their progress and results.

4. Performance Management
This is an established agreement, often

on an annual basis with your employees respective to their specific objectives and relative to their job description and job classification. Evaluating employee performance against those objectives to achieve overall business goals is critical to the satisfaction and success of your employees as well as the success and the culture of your organization.

5. Supervision
This involves day-to-day oversight of employee performance to optimize their productivity, efficiency, and work quality. As the team develops proficiency and efficiencies, less time can be spent on day-to-day oversight, enabling the management team and the employees to work on continuous improvement in systems and performance.

6. Human Resources
Hiring the right people is one of the best ways to safeguard your business and to keep it strong. Develop a business culture profile to help identify the best candidates for a job. After working with an employee to improve their performance, don't hesitate to let that employee go if performance continues to be poor.

7. Sales Process Control
The easiest way to sell something is often by discounting the price. There needs to be a clearly established process whereby a salesperson can make that call, with the involvement, at minimum, of the sales manager and ideally the finance person. By controlling net pricing, you avoid giving up margin to make a sale.

8. Customer Service Process
How are you doing in the eyes of your customer? Develop SOP's for assisting customer service representatives to manage customer interactions and continually address customer service representative trainings to include role playing to tackle new challenges as they arise.

9. Warehouse and Shipping
Develop SOP's to define how raw materials and inventory is received to the warehouse and how products are shipped out to customers. In small businesses, senior managers may walk into the warehouse and grab a couple items to give a customer. How much are you giving away? An SOP could be developed that has the warehouse produce a no-cost invoice to be a "bill" to a specific department, for example sales or marketing. In this way the habit of "grabbing and giving" can be monitored and its true cost assessed, and inventory management is ensured.

10. Travel and Entertainment
How much do you allow managers and/or employees to spend on food when they are traveling for business? Do you have rules regarding air-travel (for example Economy for most domestic flights, but Business for flights exceeding four hours and international travel)? Developing an SOP on this topic promotes clear understanding and accountability throughout the business.

11. Cost Accounting
This is an essential process used by management to capture a company's total cost of production by assessing both variable and fixed costs. Variable costs are those that increase and decrease with the volume of sales. Fixed costs are those costs that are constant regardless of sales volume. Once analyzed, the company's total cost of production provides the basis for a budget and subsequent performance can be measured against it.

If you develop process controls and codify them with SOP's you will have demonstrated to employees what the expectations are and how to properly perform business operations. This will save you time, money, and frustration.

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Purpose of Internal Controls

Why is this important?

A business establishes internal controls, or financial procedures and processes, as a measure against wrongdoing and as a tool to promote accountability, protect the company's interests and ensure the integrity of financial data. Strong internal controls can improve operational effectiveness and efficiencies while also ensuring accurate financial reporting during internal or external audits. It's important to remember that internal controls are unique to every business and designed according to the company's size and structure. Internal controls not only address risks to the company but also reduce incurrences of unnecessary cost or effort that wastes resources of any type.

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Internal Controls

Internal Controls may seem to some like a "corporate," not an entrepreneurial or small business thing. The truth is that Internal Control is essential in any business at any level. The complexity may be different, but the existence of controls is relevant no matter the size of your business.

In a nutshell, the primary purpose of internal controls is to minimize risks and protect assets, ensure the accuracy of records, promote operational efficiency, and encourage adherences to company policies, rules and laws governing the conduct of business.

What are some typical examples of internal controls?

1. Separation of Duties - Even in a small business it is important to divide accounting responsibilities between different people to reduce the risk of error and fraud as a basic control system. The person who prepares payroll checks should not sign payroll checks. The person who prepares financial reports does not make cash deposits and/or purchases. In a small company where there are not enough people to adequately separate duties, a second person should review a transaction or posting as a form of check and balance to minimize risk.

2. Access Control - This is essentially who gets keys to the building, has access to different levels of accounting and/or Enterprise Resource Planning (ERP) software, has a credit card, as well as the locking file cabinets or closets for sensitive information and/or valuable raw materials or inventory. At a start-up or small business, these access controls may feel onerous when your culture is formed on trust and mutual respect. Access control is not about trust, but rather about disciplined business practices that maintain the value of your company.

3. Required Approvals - This relates to designating certain employees (preferably a manager or supervisor) who can authorize transactions daily or when you are away. Authorizations may be required for purchases above a certain dollar amount, or any expenditure.

4. Asset Audits - Periodically auditing inventory levels is useful to make sure you have the raw materials and finished goods inventory needed for daily operation, and controls theft. Auditing petty cash or collections is also an important business practice, and demonstrates the importance of accuracy, diligence and rigor to all employees.

5. Standardized Documentation - If you have the same form for expense reimbursements, mileage reimbursements, invoices, purchasing, etc., it will be easier to track and understand exactly where the money goes. Standardizing forms and practices will help improve your overall operational efficiency, and enable your bookkeeper, accountant, or CPA to properly categorize expenses when creating your cost of good, and expense categories.

6. Trial Balances - Most accounting software allows for the creation of a trial balance. This simple accounting control makes an internal record of all debits and credits, and may help your bookkeeper or accountant identify errors or mis-categorized items in a timely manner when the transaction is more easily recalled.

7. Reconciliations - Balancing your checking account, reconciling credit card charges, and properly classifying charges to the appropriate expense categories, and performing three-way matching are all examples of internal controls.

Three-way matching is simply taking the purchase order (or the decision to purchase), the invoice and receipt, and matching it to the product when it is received. Prior to online ordering this was a more structured process. Now when ordering from a variety of online vendors there isn't always the classic purchase order trail. For example, if you log on to Amazon and place an order you have essentially completed a purchase order and paid for it at the same time. However, if the ordered item doesn't get shipped or is delayed you may not realize it and order another. Three-way matching will avoid this.

8. Data Back-Ups - While you may choose not to back up your personal computer, it is essential that you back-up your business computers and accounting system. Technology does fail, fires do happen. Backing up all computer files on a regular basis to the cloud ensures that you have a copy. Backing up your data should be done daily. Some companies choose to also back-up to an external hard drive that is stored off site on a weekly basis for added insurance.

None of these internal controls will matter unless you and your employees are prepared to act when you notice a problem or detect suspicious activity. Everyone should know who they can talk to when they suspect an error or malicious activity has occurred. While difficult in a small business, every effort to assure anonymity should be made.

When an error has occurred, the error may not be the only problem; it may be an indication that more training is needed. The important thing is that your internal controls caught the error. When malicious activity has taken place, you will have a decision to make on whether to terminate the employee. Every circumstance is different, but one thing is generally true … the quicker you decide the better not only for the employee but for your business and the rest of your employees.

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Functional Detail on Different Levels of Enterprise Accounting

Why is this important?

A strong finance team that consists of a CFO, controller, accountant and bookkeeper can grow your business in ways you've never imagined. Of course, the actual number of employees on the finance team is dependent on the needs and profitability of your business. While you may know the direction you want your business to go in the future, a finance team has the expertise to break that long-term vision down into practical steps with a realistic timeline, and to assist you in developing the systems critical for internal controls, whether inventory, purchasing or process quality. The most important approach to addressing your business' financial needs is to have self-awareness and transparency to determine if you're investing appropriately in this crucial part of your business. This decision has ripple effects on your profitability, your ability to borrow money, and your daily stress level. While you may find yourself preoccupied with the big picture, remember it's the small things that will get you there, and a good finance team always has its eyes on the details.

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Different Levels of Enterprise Accounting

The difference between a CFO, controller, accountant, and bookkeeper reflects a degree of knowledge of accounting and the ability to make independent judgements about creating and interpreting financial information, as well as knowledge of financial, but non-accounting, issues.

Many organizations need a controller's skills but can't afford to employ an additional bookkeeper or accountant. As a result, almost any of the more advanced positions can be inclusive of the less advanced ones. However, a small accounting staff creates challenges to internal controls. Since owners and managers have absolute responsibility for the integrity and safety of the financial records of the business, it is essential that this issue be addressed.

Internal controls and accounting procedures prevent embezzlement and the less nefarious confusion that is the result of their absence. If the financial staff is not up to the task of creating these documents, a consultant can be employed to create the documents and train the staff to assure their use. Trust is NOT an internal control.

Though not strictly financial in nature, start-ups and other small businesses need to have people who can develop systems for inventory control, purchasing and process quality. Systems development often falls to the Office Manager/ Bookkeeper who may be the least skilled for systems development. A good working knowledge of Microsoft Excel is an essential skill for any financial or office management staff. It is not sufficient for the accounting staff to be dependent and/ or limited to off-the-shelf accounting software for all needs.

Knowledge of Generally Accepted Accounting Principles (GAAP) by the in-house staff person responsible for the finances of the firm is preferred. However, if the staff person has a good grounding in fundamental accounting principles – consistency, materiality, and conservatism, then this could be sufficient in the accounting realm.

Even more important to most small businesses is a questioning mind, a problem-solving attitude, and a propensity for systems development. Questions like, "What should we be tracking?" and "How can we best do that?," are more important than knowing the finer points of GAAP. However, until the business can have a CFO on staff, it is critical to have a good accounting firm on call, and a good relationship between the finance staff person and the CPA.

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What follows are the basic tasks performed by four types of financial personnel.

Bookkeeper:

Has an ability to accurately enter data, create a financial statement, and the knowledge to correct anomalous, out of balance entries. Should know and understand the difference between cash basis and accrual method, and which is to be used for the business. A good working knowledge of Excel including the use of formulas is essential.

1. Maintains books of original entry, including:
- Accounts Payable journal
- Accounts Receivable journal
- Payroll journal (either detail, if done in-house, or periodic entries into the General Ledger)
- Expense journals

2. Enters monthly repetitive journal entries, e.g., depreciation, accruals, and reversals, etc.

3. Reconciles bank accounts, accounts payable and accounts receivable.

4. Prepares and deposits payroll taxes.

5. Runs A/P and A/R aging statements to assure prompt payment of the former and timely collection of the latter.

6. Prepares draft financial statements.

If the business is unable to afford accounting staff more knowledgeable than the bookkeeper, the bookkeeper should be in regular (i.e., monthly) communication with the CPA firm to review accounting results so that management can be alerted to issues that may become problematic. It is neither advisable nor prudent for the owner/founder to leave a bookkeeper to make decisions on his or her own without any oversight.

Accountant:

Has an ability to apply some knowledge of GAAP to financial statements, analyze results and spot errors and questionable results.

1. Primary responsibility for the general ledger.
2. Supervises bookkeepers and/or accounting clerks.
3. Reviews general ledger balances vs. books of original entry, works with bookkeeper to reconcile differences.
4. Reviews payroll and payroll tax filings.
5. Sets up schedules for various monthly journal entries and accruals, such as fixed assets and depreciation, insurance expense, etc.
6. Prepares non-recurring journal entries based upon non-regular transactions.
7. Makes loan payments.
8. Maintains cost accounting system.
9. Prepares estimated tax deposits.
10. Prepares financial statements for review. Like the Bookkeeper, the Accountant generally needs appropriate oversight with regards to decision making.

Controller:

Functions as the chief accounting officer of an organization. Should know how to fully implement GAAP, oversee data processing outcomes, close a complicated set of books, and prepare a financial statement for third party use, including shareholders and lenders.

1. Finalizes, approves, and issues periodic financial statements, annotated with analytical narrative.
2. Reviews for proper application of GAAP.
3. Manages taxes and tax filings, including company income taxes.
4. Prepares budgets, monthly budget reports, cash flow projections.
5. Manages and adjusts cost accounting system.
6. Manages information technology systems.
7. Closes books annually and prepares annual report.
8. Serves as primary liaison with outside accountants/auditors.

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Chief Financial Officer (CFO):

This position may or may not have an accounting background. Obtains financing via banks, share offerings, public market transactions, etc.; invests company excess cash; oversees pension matters; projects and manages cash flow. Basically, the position makes sure there is liquidity with which the company can operate. Encompasses controller's function, but much more accountability for fiscal security of the enterprise.

1. Relations with banker(s), outside shareholders.
2. Planning for, and acquisition of, debt and equity capital.
3. Management and investment of cash.
4. Management of insurance coverage and policies.
5. Supervision of entire financial function, including positions listed above.
6. Long-range and strategic planning with CEO and management team.
7. Generates financial ratios for CEO; assists with analysis and strategic direction opportunities and decisions.

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BUSINESS OPERATIONS SERIES

Overview

Why is this important?

You may have the best product or service, but if you are unable to deliver, you won't be successful. If you aim to grow, your operational capabilities need to be on the same pace as your sales growth. At best, operational issues are bumps in the road. At worst, they can derail all your prior efforts, erode customer good will and negatively impact brand reputation. When you implement a well-thought-out business structure, you are able to document all the business processes and, at the same time, specify all the roles and responsibilities (or competencies) in your company. This is particularly important to optimizing employee performance when employees are working in multiple locations and/or in hybrid work environments. With the right business structure for your business you can easily foster a more engaged workforce without stifling innovation and position your business to compete successfully in this highly competitive world.

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When you started your business, you might have been a team of one. Or, perhaps your business started with a small team of trusted co-workers who shared your vision, understood your product/service and worked together to achieve the goals and milestones of growth over time. As your business continues its growth trajectory and your team expands, more time needs to be spent on putting in place operational efficiencies. This may require different ways of organizing, communicating with and leading your team.

The element of structure is paramount for any organization, especially one that involves hybrid and/or remote work in home offices. Essentially, an organization's structure encompass formal and informal procedures and policies that a business owner can use to manage all operations and communicate effectively with employees. Your team needs to clearly understand what success looks like fiscally, operationally, and culturally in order to meet the expectations of your customers as well as your employees. You can streamline your operations by putting in place operational efficiencies. This may require different ways of organizing, communicating with and leading your team. As a business owner, you are responsible for organizing all business functions and breaking them down into departments or units, which improves your employees' effectiveness.

Organizational structure is also important in improving the decision-making process, especially if there are documented guidelines detailing how the business is supposed to operate. These guidelines document how information is conveyed throughout the organization and to those individuals responsible for making critical decisions.

In this **Business Operations Series**, we will address three operational concepts that will help you more smoothly navigate growing the team as your business expands and grows.

- **The Importance of People, Process and Tools**
- **The Importance of the RASCI Chart**
- **The Purpose of KPIs and Metrics**

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1. PEOPLE, PROCESS, TOOLS: Work in a business gets done by knowledgeable **PEOPLE** who are using defined **PROCESSES**, supported by **TOOLS** such as computer programs, manufacturing equipment, packaging systems, etc. As your business grows, the systems you had initially put into place may become inefficient or even break which creates a range of issues for you and your team.

Looking at your operations routinely and considering which of the three components of **PEOPLE, PROCESS and TOOLS** needs updating can help you resolve operational issues more quickly and effectively. In many cases, what's needed is a mix of all three being updated, in the right measure for where you are today and how you are planning for growth.

2. A RASCI chart can also be used to spark a discussion about how to improve processes within the company as well as to inform an employee's job description.

Who does what – the RASCI chart. This tool will help you and your team confirm:

- **a. Responsible –** Who is performing and responsible for various tasks in a clearly outlined process with specific and measurable outcomes?
- **b. Accountable –** Who oversees and/or supervises the work flow?
- **c. Supporting –** Where is collaboration with other employees needed in the process?
- **d. Consulted –** Who must be consulted prior to a decision being made or a task completed?
- **e. Informed –** Who needs to be kept in the loop throughout the key points in the project life-cycle and after a decision is made or work is completed?

3. KPIs and Metrics: Most businesses and organizations set goals in order to achieve the right objectives and fulfill the needs of its stakeholders. Those goals need to be embraced by every team member within the organization, each of whom is performing unique functions to advance the business.

There are many different ways to set and measure goals. One effective way to measure an individual, team or company's progress toward a goal is by using Key Performance Indicators, or KPIs, which set a standard of success for a specific business process or objective. Organizations use KPIs to help individuals at all levels focus their work toward achieving a common goal. KPIs also help businesses understand whether they're spending their time and money on the right strategies, and executing their tasks and using their systems in appropriate ways in order to achieve their goals. If you pick the right measures, you can keep employees focused on how they can improve the profitability of the company or at a minimum, see when something is just not going as planned.

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Systems and Operations – People, Process and Tools (P-P-T) Framework

Why is this important?

In all types of business, large and small, the People, Process, and Tools (P-P-T) framework is used to improve the business' position in the face of market competition and to remain relevant over time.

Everything, from leadership to digital transformation, organizational talent, and management practices, needs to be combined for effective development. The concept of PPT or the Golden Triangle works with existing practices to ensure stronger and better business results.

People and processes, along with technology, are the key elements for the overall improvement and sustainability of your business. As you build the systems focusing on these three areas, you can expect to see better outcomes in every department. Your aim should be to build agile workforces that are flexible, adaptable, and responsive to the dynamics of your industry and the realities of your environment.

Businesses today need an inclusive approach to satisfy their customer's requirements. In a world where 30% of the businesses can lose precious market value due to bad customer service, it is imperative to build innovative systems around a great customer experience. Facilitating good customer service is an important part of managing the entire business smoothly.

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You have a great product and customers who want to buy it, so what's next? Making your product and getting it to customers!

When you first start your business, it is not hard to fulfill your orders, since your team is small and everyone is well versed in what needs to happen to get your product to your customers. As your company grows, formalizing your processes and having a good system to keep track of what is going on is key to smoothly growing your business and keeping your customers satisfied and loyal to your brand.

The P-P-T Framework has three components: People, Process and Tools. All three components must be in place to efficiently produce and fulfill your orders.

PEOPLE: Your employees are key to delivering high quality products and services to your customers. When they are knowledgeable and enthusiastic about your products and your business, they can help you scale your operations quickly and even help recruit other employees to your team. That said, even if they have the best intentions, your employees need guidelines, structure and supervision to complete their work to the specifications and quality that your business requires for long term success. It's very common in growing organizations to rely upon one or two key employees, tasking them to work with others and share the knowledge and experience in their heads about how to do things. This might work for some time, but eventually, there are issues such as a key employee departs and with them their technical and/or process knowledge. Or those key employees may be slow to evolve process improvement or change to a different process you need to enhance efficiency. Your team needs the foundational support of documented processes and potentially a system of some kind to inform and guide their work.

PROCESS: Every task in your business has a process. Manufacturing processes may have evolved over time to produce your product's specifications to the quality you and your customer require. Other tasks such as shipping have discrete tasks

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that need to be followed. In some cases, options may exist such as order entry, unique shipping methods or invoicing based on customer type.

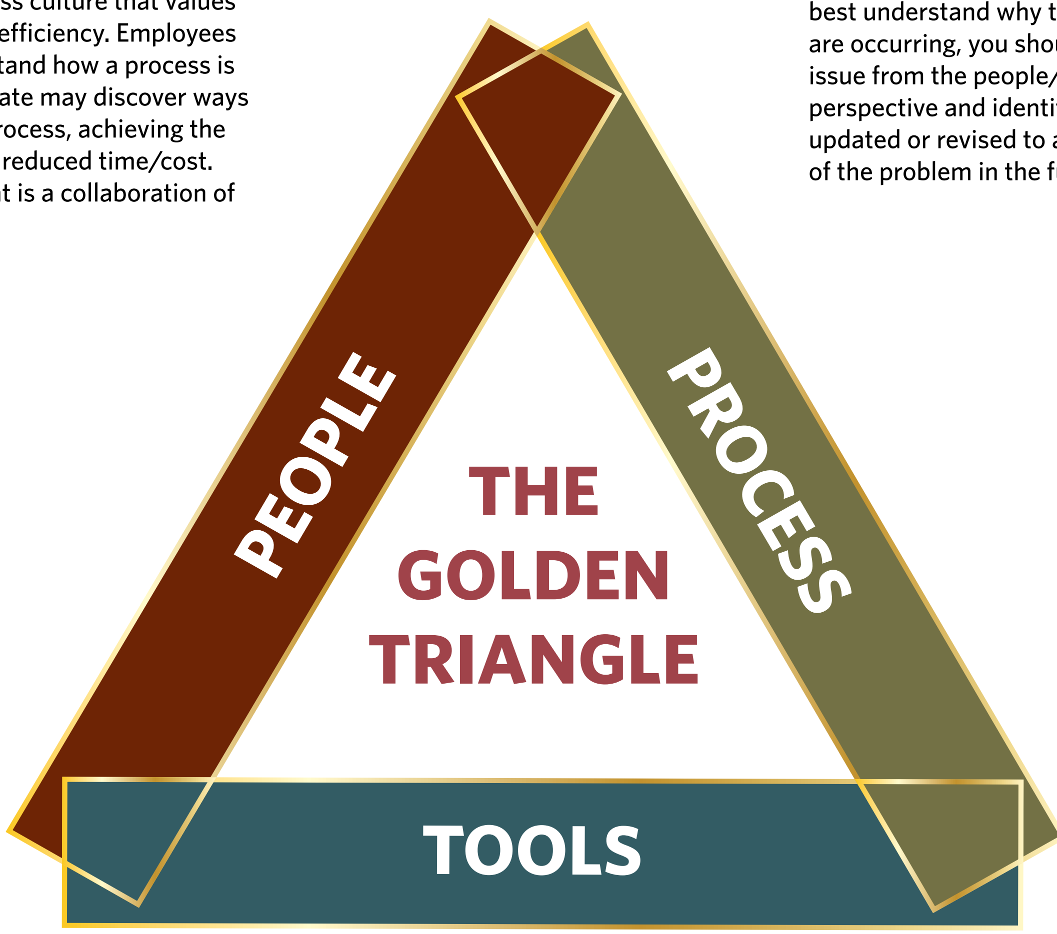
To ensure that everything goes as you planned, each process should be documented. This serves not only to train new employees, but also as a way to document key points in the process where a decision may need to be made. Processes will evolve over time, so it's important to allow for updates due to new (and better) ideas about how to get something done or other changes.

Having **Standard Operating Procedures (SOPs)** for all your key tasks and ensuring they are both used and updated is the best way to achieve the consistency vital for your business growth and reputation. As importantly, documenting the steps in a given process can identify areas that may be inefficient, which allows for continuous improvement in key processes, saving time and money. It also sets the stage for growing a business culture that values consistency and efficiency. Employees who fully understand how a process is designed to operate may discover ways to improve the process, achieving the same result with reduced time/cost. SOP development is a collaboration of good minds figuring out the best way to do something and understanding how a particular process interacts with other processes in the company. No one, including yourself, should change an established SOP independently of others' knowledge.

TOOLS: When you start out, you may be able to keep track of your production and shipping on a piece of paper. A spreadsheet may be fine for your early stage business. Over time, the interactions of your various employees as well as the complexities of your operations mean you will need to have a computer system to track your work. Accounting systems such as Quickbooks are viable for many aspects of your business such as tracking sales, but your manufacturing operations, purchasing calculations and other processes may need a more sophisticated tool that meets your specific business needs. There are many applications which can be added onto your accounting software. You can also look at an Enterprise Resource Planning (ERP) system which will keep track of all the common processes of your business. Some businesses will require special computer tools to handle your specific needs, such as reservations or customization. Whatever your need, it is important to understand your options before you experience issues because the business' needs have outgrown your existing system. It can take some time to implement some systems, and everyone in the organization needs time to learn the new system and understand how it may change their work processes.

As you grow, the components of People, Processes & Tools become more complex. It's very common to see different parts of a growing organization working in their own ways and losing some of the efficiencies that come from aligning the organization's processes as a whole.

As your business grows, you may experience breakdowns in your systems, or issues you haven't seen before. To best understand why these breakdowns are occurring, you should examine the issue from the people/process/tools perspective and identify what needs to be updated or revised to avoid reoccurrence of the problem in the future.



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People Review: Was the issue caused by an employee not following your procedures? Reinforcing what needs to happen to get the job done (via your written SOPs) is a starting point. Over time, you may find that the employee doing a particular task is not doing what you need them to do. Or it may lead you to wonder if the task has become too complicated and needs more support from another employee or computer application. In other cases, the employee may not be the right person to do the task and will need to be replaced.

Process Review: When your business experiences an issue (shipping delays, product issues, etc), naturally work is done to figure out what is going wrong in order to fix it. The first step is to identify whether the issue is a random event, or whether you are experiencing a process issue that needs to be corrected. Once you identify the problem and resolve it by updating a process, you need to revise the SOP to incorporate the changes you've made. It is best practice to review all SOP's on a regular basis to confirm they are relevant and continue to meet the needs of the organization. As you grow, you will notice that some of your processes may become more complex, or that they should be two or more separate processes. You may even decide that certain elements of an SOP should be outsourced to another company causing you to revise your SOP's, and communicate the new procedures to your team. Even simple fixes will likely need to be supported by updated procedures and new SOPs.

Tools Review: You may find that the issue was caused by a failure of your computer system or tracking mechanisms. If possible, you should see how the application could be improved to accommodate your needs. It may be a simple fix or lead to investigating a new computer system to accommodate your business growth. As you implement new tools you may find that steps that previously needed special checks are now guided by your computer system.

Finally, you may find that a mix of all three - people/process/tools - will be needed to solve the issue. As your business grows, tasks that work well should be reviewed periodically for improvements and efficiencies which is all part of business growth and success!

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BUSINESS OPERATIONS SERIES

Metrics & KPIs (Key Performance Indicators)

Why is this important?

KPIs and metrics enable a business owner to keep business objectives at the forefront in decision-making and to more fully understand the business' performance, track results and make course corrections as necessary to ensure long-lasting impact and success. KPIs encourage a culture of accountability and serve as the foundation for employee performance evaluations. A KPI may reveal that a perceived "poor performer" may have some favorable stats and deliver good results. And, poorly performing employees can't dispute when data-driven and objectively based KPI stats demonstrate the absence of results. As importantly, if the majority of your employees are having difficulty achieving the KPI's that have been set, it may be time to reevaluate your business' goals to understand why exactly those targets are not being hit. KPIs thus foster an environment of continuous learning, enabling you to set realistic goals for your business growth and how you want to measure its success.

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Key Performance Indicators

Key Performance Indicators (KPIs) are the elements of your business plan that express what you want to achieve by when. They are the quantifiable, outcome-based measurements you'll use to assess if you're on track to meet your goals or objectives. There are many metrics that can be used. It's best to pick a few metrics that are easy to report on and are contributing factors to the larger goals such as sales. Some metrics are interesting to review on a less frequent basis, but may not be helpful in daily operations, particularly if it takes a lot of spreadsheet manipulation to get comparable numbers between different time periods.

It may take time to pick the right KPIs - some may be very meaningful now but less important as you focus on other activities in your business. Initially a shipping department may need to focus on shipping a specified number of orders per day, but once they have improved their processes, they might be more focused on making sure that all orders are shipped accurately and within 24 hours. Metrics & KPIs can help you objectively look at the quantitative performance of your business through numbers. KPIs are important metrics in business because they specifically define how well your business is doing in any number of areas.

Using metrics means you are measuring something. Usually you are using readily accessible numbers, but sometimes you may use a tool like a survey to help you define something that is qualitative (e.g., customer satisfaction). Most common metrics and KPIs are an outcome of your financial reporting, for example, sales increase %, gross profit $, gross profit %, however there are also metrics and KPIs inherent in your operational processes (i.e., number of orders shipped per day, value of good produced per day, etc.). Sales metrics could include the number of retail outlets in total or by channel, the number of SKUs by account, etc.

Rather than thinking you are doing "well", your financials should attest that your sales have increased 20%. When developing projections, you can use a KPI to document what you are planning for (i.e., a 30% increase in sales). If your target is a 30% increase but you've only

achieved 20%, then your business is not performing according to your plan.

Financial Metrics & KPIs

The most easily accessed metrics and KPI's originate from your financials. To use your financials metrics most effectively, you need to understand what are the most important numbers to track.

If a company is aspiring to grow, sales growth is a main KPI. That KPI goes hand in hand with other metrics, such as gross profit. Why? If significant sales growth comes with less profit, profitability might be the more critical key performance indicator.

How do you get started establishing KPIs for your business? The first step for KPI's is the past - what did you do last year or last month? If your company is seasonal, KPI's might work best by comparing this past month to the month one year ago. In some cases, your metrics might only be meaningful if you look at them on a year to date basis. If you have projections, you want to monitor your performance against your projections, rather than the past.

Operational Metrics

Like the basic financial metrics of sales per day or per year, there are many aspects of your business operations that can be tracked to ensure efficiency and productivity. Some of these metrics will help you to understand if your business is operating to the level that you need. Such measures might be orders shipped per day, open pick tickets, and backordered items, which can help you see when the system is not operating at its expected or 'normal' level. Giving employees specific measurable goals on the activities in which they are involved in your operations can help you assess individual performance as well as alert them to what really counts to make your business successful.

What makes a good KPI?

A business's ability to track its progress toward a goal is only as effective as the quality of its KPIs. Using the **"SMART"** framework, a good KPI should have the following qualities:

S	**Specific:** A KPI should be a detailed, simple and clear description of what exactly you want to achieve. For example, "Improve customer satisfaction" is too broad. A better KPI is, "Improve customer satisfaction ratings by 10% by the end of Q3."
M	**Measurable:** As demonstrated in the example above, KPIs should be quantifiable to establish an exact definition of success. When thinking about ways to measure, consider using dollar amounts, percentages or raw numbers.
A	**Achievable:** It's best that your KPIs are ambitious yet attainable within reason. This ensures individuals working toward them are motivated and challenged but don't burn out. It also helps set realistic expectations with stakeholders and company leadership.
R	**Relevant:** Your KPI should help advance the larger key business objective(s) of the team. For example, if you're on a process improvement team that falls under the company's manufacturing unit, your KPI should align with business operations objectives. All KPIs should align with a larger key business objective.
T	**Time-bound:** Select an ambitious yet realistic amount of time in which you'll measure your progress toward a KPI. For example, you might decide you want to achieve a certain amount of repeat sales from existing customers by the end of a quarter, month or calendar year.

Evaluate: Regularly examining your KPIs is a great way to ensure you and your team are still working toward the right objectives. A dashboard of your key performance indicators is a recommended tool to display your quantifiable measures of performance over time for your business' specific objectives. A KPI dashboard helps users track the progress of established goals, identify progress or shortfalls with respect to the goals, and make data-driven decisions. Dashboards can be customized to fit the specific needs and culture of your business and should be easily understood. During your business planning cycle, you might ask questions like, "Are the KPIs still relevant? What are the main blockers to success? Do we have the right budget, tools, talent and support systems? If this KPI period is complete, what should be measured next?

Reevaluate/Readjust: Consider reevaluating your KPIs at specific periods—perhaps halfway through your KPI timeframe and once again at the end. Take this time to determine whether it's necessary to make changes to your KPIs so they're up to date, achievable, relevant and in line with overall company objectives.

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KPIs & Cascading Goals

As your company grows, you may have departmental KPIs in addition to organization-wide KPIs. KPI's specific to a department (or even a specific employee) can help guide a unit's or employee's work to fit in with the larger objectives of the company. Here are some examples:

- **Sales:** Number of active prospects, Sales dollars or SKUs increases per customer, Number of new contracts signed per quarter, Dollar value of new customers signed per quarter, Number of engaged, qualified leads in the sales funnel, Average length of time for new account conversion
- **Financial:** Growth in revenue, Net profit margin, Gross profit margin, Current accounts receivable, Inventory turnover, EBITDA
- **Marketing:** Website specific KPIs - Number Visitors, Activity or Time (Engagement) on specific pages, Keywords in Top 10 search engine results, Social media followers percent growth or engagement, Social media traffic conversions, Number of qualified leads, # of blogs articles published monthly, Percent of market share
- **Customer Service:** Number of calls answered, Average call time, Number of new customers, repeat customers, and retained customers, Net promotor score, Average Ticket/Support/Warranty resolution time
- **Purchasing:** Inventory Turns, Number of Stockouts, Inventory as a percent of Sales
- **Credit:** Number of accounts 30 days + past due, Bad Debt Write-offs
- **Shipping:** Orders shipped per day, Open Pick tickets over 1 day
- **Accounting:** Days to close the month
- **Human Resources:** Employee satisfaction rating, employee churn/turnover rate, employee promotion percentage, application received per job posting

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BUSINESS OPERATIONS SERIES

Operational Management – RASCI: Who does what?

RASCI - RASCI is a chart (i.e. model or framework) that is used to help identify all the roles and responsibilities of each stakeholder on a project. A RASCI Chart clearly defines who is working on a specific subtask of a project. As an organization grows, or new projects are undertaken by a team of people, the work is often divided. Using a RASCI approach clarifies the individual role of team members on a project and enables the tasks to be done efficiently.

RASCI Charts provide clarity around "who does what", "who can help with this task", and "who's responsible for this task" on a wide range of business functions.

By using RASCI business leaders and their teams can:

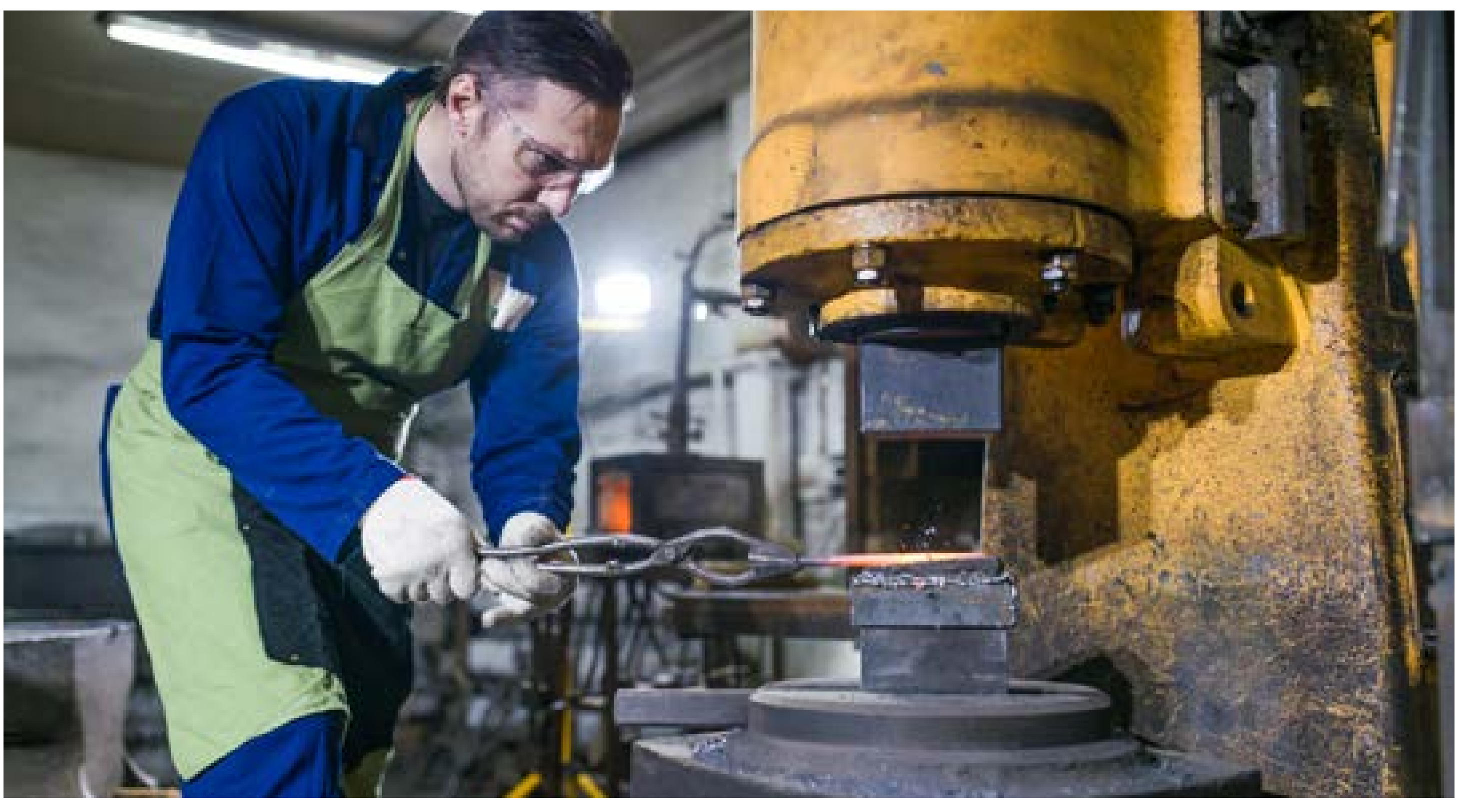
- Quickly resolve project conflicts within groups
- Efficiently manage projects
- Eliminate confusion by assigning specific tasks to each project group member
- See that all project responsibility is documented and distributed properly
- Identify if any one individual is overburdened with task assignments
- Provide clarity by establishing the organizational project hierarchy

A RASCI Chart can also help you understand the full process of one area or even the entire company and confirm that the right people are working on the right tasks, that they are collaborating with everyone they should to make the best decisions, and they inform others in the organization who need to know what they did or decided.

Reviewing this can confirm at a high level that all the right processes are happening at the appropriate time, and that all the people who need to be involved or need to be informed are in the loop. Like company processes, the RASCI Chart needs to be updated as staff changes or processes are modified.

Getting Started:

The first step is to outline the steps of the process (or processes) important to your business operations (e.g., financial management, sales, onboarding new employees). If one person does a few tasks to get one thing done, it's best to name the overall group of tasks rather than listing out in detail each individual task. If that person needs to check in with others throughout the process, it is best to list out the tasks individually so that the one task that requires more input is noted.



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There are two approaches to documenting a process. If you have a process document already, you can start with that. If not, gather the people involved with the process together and list the tasks needed to complete the process. Once a draft of the process has been created, make sure everyone involved has a chance to review it and confirm it has all the necessary steps documented for completion.

The next step is to assign the people needed to get a task done. This is where the RASCI Chart helps to flesh out who can perform a task on their own, where input from others is required, and what happens next after the task is complete. While one person can detail the preliminary RASCI assignments, it is important that all involved review any draft. It's often useful to schedule a meeting to discuss and confirm that the RASCI listing of tasks accurately represents what happens now or what should happen if you are attempting to improve the process, communications, overall quality, etc. Team discussion about the RASCI is the most valuable part of this tool, since it helps everyone understand the full scope of the process, how others are involved and what impact certain tasks have upon the overall team and process.

What does RASCI stand for?

R = Responsible: Think of this person as the project owner – or the position that performs the work. There should be one person responsible for a task and if help is needed, they may ask a supportive member(s) to assist. There must be one "R" in every row, no more and no less.

A = Accountable: The person or position ultimately accountable for the work or decision being made and who has the final control over a project task and the resources associated with it. They generally assign and delegate project work responsibilities. It is highly recommended to assign only one person as accountable to one task. Use this letter when appropriate, but not to excess – only when an important decision or task is at hand. There can be from zero to one "A" in each row, but no more than one.

S = Supports: Anyone who supports the responsible person, typically a backup person for the role or someone who assists. Supportive people are able to provide resources to the Responsible project team members and are actively involved in working with the Responsible person to see the project through to completion. Supportive persons and Responsible persons both have the same goals to achieve. There can be as many "S's" as appropriate.

C = Consulted: Anyone who must be consulted prior to a decision being made or a task completed. A "C" is typically a subject matter expert or a functional leader who brings valuable subject matter expertise to the project and whose team will be affected by the decision/action. Responsible persons will use Consulted persons for advice, opinions, help, or experience relevant to the project. There can be from zero to multiple "C's" in each row as appropriate.

I = Informed: These are people who need to be kept in the loop during key points of the project life-cycle and after a decision is made or work is completed. There can be as many "I's" as are appropriate in each row.

You can also add in a task for decisions - this can help confirm who is responsible to make a decision, who needs to be part of the conversation to make that decision, and who needs to know what the decision was.

Here's a sample format of a RASCI Chart

Department	Task	Sales Manager	Salesperson	Customer Service Manager	Customer Service 1	Customer Service 2	Shipper
Sales	Generate Sales Plan	R	C		I	I	
Sales	Present Product	A	R				
Customer Service	Enter Order			A	R		
Customer Service	Process Order for Shipping			A		R	I
Shipping	Ship Order			I			R

Once the RASCI Chart is made for the current process, it can be used to define a future state. This could be when a new employee is added to the mix or if a process needs to change for some reason (e.g., new tool or problem to be addressed). The RASCI Chart helps people more quickly see the areas of the process that need to be changed or updated, without forgetting about the way this specific process fits into others in the company.

RASCI and RACI – Is There a Big Difference?

With many RASCI and RACI Charts out there, it can get a bit confusing when differentiating between them.

Both terms are used interchangeably quite often. While in all practicality, they do mean the same thing, there is of course a marked differentiator with the "S" in RASCI (meaning Support).

Organizations that choose to use RACI, may do so because an "S" is identified as part of the "C" (Consulted) by team members.

What makes the biggest difference of including the "S" in RASCI is that it acknowledges the fact that those identified as a Supporter to the project are a resource that is a cost to the project and the Supporter's time. Even though they are not directly responsible to the project task, they are involved providing experience, knowledge, technical skills etc. that have a cost attached to it, be it time, compensation or an activity of some sort.

What makes the biggest difference in including the "S" in RASCI as a Supporter? There is a distinction between a "S" and "C" resource. A "C" Consulting resource is needed to provide experience, knowledge, technical skills etc. to the "R" Responsible person. The "S" Supporter role is a needed resource to support the "R" Responsible person to get the job done. Using the "S" clearly shows that there may be a group of unaccounted for project team members providing resources without responsibilities that are of critical impact to the project. While the "C" Consulting role is providing needed information or insight so the "R" person can get the task done, the "S" Support role is a helper, providing their time to help the "R" Responsible person get the job done. For eample, in preparing for a sales meeting, the Sales Manager is responsible for the event, but is getting "C" help from Product Development to make sure the presentation is correct. The "S" Support person is assurimg that all the material for the sales meeting (as designated by the "R" Responsible Sales Manager) is produced correctly for the meeting.

As another example, a sales manager may be accountable for a software development RFP, while the sales rep is responsible for completing the RFP. At this point clarifications are needed from the information technology team. The IT engineer who is not in any way connected to sales, provides information in order to complete the document consulted. The

engineer is not responsible to complete the RFP nor are they accountable that it goes out-on-time and on-cost, however, the engineer's experience and input is critical to the success of quality of the RFP responses and estimates.

By identifying the "S" in a project, it brings a more focused recognition to the specific involvement of project team members and helps to define the expectations and deliverables of each individual role.

The Impact of Not Following RASCI

If your project is complex, involving many team members and a significant number of tasks then not using a RASCI Chart could result in an eventual negative impact both on the project team members and overall, on a variety of project outcomes.

Teams or even individuals are less likely to be working in harmony. Blame will be passed around; accountability is not enforced and decisions will be made without involvement or knowledge of other team member areas. Or worse yet, even the smallest of decisions won't be made, holding everything else up.

Without proper assignment of duties, the possibility of time being wasted and team members being less productive is very high. While on the other hand, certain team members may feel overwhelmed as they have been handed too much work to complete. Demotivated teams never deliver 100%.

RASCI Tips

There is a fine line when creating your tasks in a RASCI Chart. If your RASCI is too high-level, steps may slip through the cracks, making the entire exercise pointless. Yet by going too far into detail, you've just promoted yourself to that of a micro-manager.

A good way to look at deciding what goes into the matrix would be to think of the process itself as opposed to one-off individual tasks. So for example, a new product feature needs to be in the matrix and tagged to the project manager as well as to the designers doing the development, the sales team promoting the feature, the finance team evaluating the product costs, etc. As for whether a button should be green or red, square or rounded, that can be left to the team and not as part of the RASCI Chart.

RASCI Charts are extremely helpful as they create a highly efficient mechanism for task distribution while eliminating any ambiguity within the project hierarchy of tasks or the role of employees to a process.

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BUSINESS OPERATIONS SERIES

The Value of Customer Relationship Management (CRM)

Why is this important?

Customer relationships are essential to the success of any business. However, keeping track of each customer's information can prove cumbersome for even the most organized companies and downright chaotic for the rest. If you're searching for a customer relationship management (CRM) system, you've probably hit the point where spreadsheets of customer data – phone numbers, email addresses, and previous correspondence – have become unorganized and inefficient.

A customer relationship management (CRM) system collects, organizes, and manages all of your customer-related information so you can track the buyer's journey for every individual you interact with, streamline communication, enhance the customer experience, and improve data management.

Salespeople report that the biggest benefits of a CRM are keeping track of leads, using the CRM as a centralized database, improving customer retention, and helping to share data across their organization. A CRM system can also help align your sales, marketing and service teams to streamline the buyer's journey.

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What is CRM software?

A customer relationship management (CRM) system enables businesses to manage their relationships with current customers and sales prospects. CRM software uses a data-driven approach to help employees keep track of leads and valuable client information, including phone numbers, email addresses, and previous interactions in one centralized location.

CRM software includes an assortment of tools that can do everything from automating emails to generating real-time dashboards which show information on business performance and other insights generated with artificial intelligence. The exact offerings of each CRM software vary yet the bottom line is that CRM software helps businesses reach their current or potential customers in an effective, efficient manner and to track, measure, engage and retain their customers.

Most companies sell CRM systems as software-as-a-service (SaaS). The CRM service hosts the software on a centrally located server and you pay to access the software on a subscription basis. Subscriptions are typically charged on a per user, per month basis, though the actual contract may last a full year. (Discounts are sometimes available for extended subscriptions.)

Many CRM plans have different tiers, so large businesses can pay for enterprise-level CRM tools, while small businesses can access free versions with fewer features. Some CRM companies offer a full suite of supplemental software that is available via subscription, such as tools to train employees or promote team collaboration. The advantage is that you can purchase all your software in one place and simplify sharing data across teams while making sure that all of the tools work together. The downside is that this also locks businesses into a single digital ecosystem.

Do I Need a CRM?

A CRM is a tool for managing your business's customer interactions to improve business-to-business or business-to-individual relationships. CRM software helps you stay connected and streamlines sales processes through sales management, contact management, and marketing automation features. The CRM system will help build customer relationships by keeping you updated on customer needs.

You need a CRM if you have a lot of customer information to manage or feel that it's challenging to locate and use customer data. Also, if your sales team is slow in keeping up with the lead flow or sales pipeline, you can benefit from a CRM. It has the potential to improve your customer service and help your business grow.

A CRM improves the efficiency of businesses by organizing certain aspects of your business in a way that enhances customer relationships and increases customer satisfaction and retention. It studies customer interactions, highlights profitable customers, and markets effectively by using a customer-facing and cross-selling strategy.

A CRM can organize your lead and customer information and automate marketing campaigns. Sales-focused features can help your sales team close more deals. You can receive reminders of sales processes and schedules to improve your customer service, customer relations, and, hopefully, your sales.

Over time you can gather metrics and use them to analyze marketing and sales data to inform numerous important business factors that go a long way in helping to provide insights to advisors, investors and employees alike, creating campaigns and strategies for new products and services, show patterns and trends that can inform business pivots and strategic decisions.

For optimum results and as a tip for success: train your team members to use the CRM platform correctly and consistently. If they are not well trained, employees might make mistakes that cause total loss of customer data and sales. Using your CRM platform regularly, and maintaining the accuracy of your data, is paramount to ensure its optimal value to your business and your customer relationships.

Mistakes to Avoid When Choosing a CRM

Choosing the right CRM for your business can be a daunting task as there are a myriad of options. As you peruse and compare vendors when looking for a CRM system, you'll want to consider your specific industry or sector to assess how a particular system supports your business. Be sure to test the various options, and have the CRM company's sales team walk you and your team through their system, demonstrating the essential features critical to support your business. Networking with other business owners of similar size to your business and with needs like yours can be both insightful and productive; seek to understand their experiences with the CRM system's features, their likes and dislikes, and whether they'd recommend the CRM system.

Here are additional examples of how CRM performance insights can be leveraged within your business:

- Tracking the best ways to generate sales - how to generate leads, the value and duration of a lead and the overall conversion process to convert a lead to a sale.
- Evaluating the characteristics of lead generation with more tangible aspects in tracking deals. As an example, determining how long it takes to close a deal, for each customer segment, can be an invaluable tool in helping to better understand how to generate more sales.
- Providing benchmarks and tracking performance relative to these milestones or multiple other elements to your team as you scale your business, and ensuring that there is accountability and quotas. Holding yourself and colleagues to these outcomes very well may make or break your business.

These are common mistakes to avoid when choosing a CRM system:

Not involving CRM users

Some companies only consult executives when choosing a CRM. But you need to involve the actual users of the CRM. This may include your sales team and anyone who deals with customer data. Find out their needs and the features they need to increase the efficiency of sales operations and related tasks.

Ignoring business needs

Another common mistake businesses make is buying a CRM without first examining their needs and what they want to achieve by using a CRM. You need to establish your expectations, as it will help you when comparing CRM software.

For example, for many companies, sales activities and customer interactions are primarily digital. Customers expect to connect with businesses over social media. Choosing a CRM that limits social media integrations can mean fewer interactions with your customers. Instead, you'll want a CRM that pulls data from social media websites and uses AI to better identify leads.

Implementing a CRM without a Sales Strategy

Some CRM companies claim to increase customer retention and sales automatically. However, a CRM can only help your business grow when there's an existing strategy for customer acquisition and retention.

Before buying a CRM, you should already have target customers and a sales strategy. Then you can make sure the CRM system you're considering has the necessary tools to implement your strategy and connect with these potential clients.

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Believing a high price equals a better fit

Some believe that an expensive CRM is required to promote business growth. Instead, consider how well a CRM software's features will cater to your specific needs, and be cautious about paying for features that you don't currently need. Keep in mind that a business needs a clear strategy and employee training on using the CRM to achieve company goals for a CRM to be effective.

How much does a CRM cost?

The cost of CRM varies amongst software providers. Typically, CRM providers offer subscription-based models and charge you for each user on a monthly or yearly basis. Some have free versions, though these may have limitations on the number of users, features, add-ons, storage capacity, or integrations. Also, CRM software may offer a free trial of up to 30 days to let you test drive the system.

How to maintain a CRM

Regardless of what CRM you decide to purchase, you'll want to make sure that you maintain it. The most important aspect of maintaining a CRM is making sure that all of your customer data is up-to-date. This task primarily relies on your teams remembering to update customer information as it changes, assuming the CRM doesn't do so automatically.

One perk of cloud-hosted CRMs is that there is relatively little work required to maintain them. Software updates will usually get pushed out automatically. Any lingering issues can be addressed through customer support, which varies by CRM provider. Most companies offer relatively robust customer support for basic issues, with additional support options available for a fee.

Summary

The promise of customer relationship management is captivating, but in practice it can be perilous. When it works, CRM allows companies to gather customer data swiftly, identify the most valuable customers over time, and increase customer loyalty by providing customized products and services. It also reduces the costs of serving these customers and makes it easier to acquire similar customers down the road. CRMs facilitate information sharing across individuals and teams, and retain domain knowledge over time and regardless of employee tenure. CRMs enable ongoing and real time data and analysis about marketing and sales efforts that can shape your strategy and ensure top line revenue growth and long-term success.

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LEADERSHIP AND GOVERNANCE SERIES

Overview

Leadership and governance play a crucial role in the success of small businesses. Effective leadership can inspire employees, foster innovation, and drive growth.

Governance ensures that the business operates ethically, transparently, and in compliance with legal and regulatory requirements. Corporate governance essentially involves balancing the interests of a company's many stakeholders, which can include owners, senior management, customers, suppliers, lenders, the government, and the community.

For a small business entrepreneur scrambling for funding, staffing, and a product-market fit, best practices of corporate governance tend to be far down the priority list. Even a successful, well-established, privately held family business with decades of growth may question the value of an independent board. Yet, there are important legal, ethical, and fiduciary considerations for companies of any size and the practice of good corporate governance will help to avoid losses and other negative consequences such as bankruptcy.

Good corporate governance practices include the formulation of:

- Disclosure practices (your systematic approach to collecting, managing, and disseminating critical financial and non-financial information about your business)
- Executive compensation structure (whether it's tied only to performance or also to other metrics)
- Risk management (the checks and balances on decision-making)
- Policies and procedures for reconciling conflicts of interest (how the company approaches business decisions that might conflict with its mission statement)
- The members of the board of directors and/or an advisory board (their stake in profits or conflicting interests)
- Contractual and social obligations (how a company approaches issues such as climate change, compensation philosophy, etc.)
- Relationships with vendors
- Complaints received from stakeholders and customers and how they were addressed
- Audits (the frequency of internal and external audits and how any issues that those audits raised have been handled)

Getting Started

When entrepreneurs choose to start a business they may be unaware or unprepared for the innumerable decisions that they will make over the lifespan of that business. Choosing structures around how the business is led and governed can make a massive difference in the day-to-day and long-term effect of a business, including the type of capital that is raised.

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What is Corporate Governance?

Corporate governance is the system of rules, practices and processes by which a company is directed, operated and controlled. It refers to the way in which companies are governed and to what purpose. It identifies who has power and accountability, and who makes decisions.

Leaders provide direction and vision, motivation and inspiration to others to achieve the organization's goals, and help to create an environment conducive to success by promoting communication, culture and collaboration among team members.

When you start a business, a few of the foundational elements of Governance include your Bylaws, Articles of Incorporation, Operating Agreement and your Mission/ Vision/Values. These documents can change over time, but are extremely important as they set the tone for your business in the years to come.

You may decide that you want others (C-Suite staff, Co-Founders, Advisors and/or Board of Directors) to assist you in making strategic decisions as your business evolves. Having others engaged alongside you in all aspects of the company -- financially, operationally, and strategically -- can be extremely positive to you as the business owner, as well as to your management team. Spreading responsibilities to others also gives more shared ownership around the key things that govern your company.

An independent board of directors, or an advisory board, can be structured to influence governance, providing business owners and managers the opportunities of a sounding board, offering fresh ideas and different perspectives, together with conversations about strategy and deliverables. A board of advisors complements the strengths and expertise of in-house leaders and provides broader management and/ or operational knowledge. Learn more about establishing an advisory board here. [Advisory Board intro resource guide]

Leadership

What type of leader you are sets the tone for all aspects of your business. Here are some forms of Leadership as you contemplate the type of Leader you are and the type of Leader you want to be:

- **Coercive:** Leaders demand immediate compliance.
- **Authoritative:** Leaders mobilize people toward a vision.
- **Affiliative:** Leaders create emotional bonds and harmony.
- **Democratic:** Leaders build consensus through participation.
- **Pacesetting:** Leaders expect excellence and self-direction.

Leadership is a shared responsibility that requires actively working with others to set the company up for short and long-term success. Every leader has a different leadership style and often don't spend enough time intentionally developing their skills as leaders. Here are a few examples of how leadership skills can be acquired and honed:

- **Effective Communication Skills:** Talk to and listen to customers and employees. These two stakeholder groups are your most important business assets and they can provide immeasurable input and advice on most every subject matter within your company.
- **Create Space to Think:** Find time to read, reflect and write, practice mindfulness and prioritize health. These are all

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great ways to create space to think about product direction, organizational development, team and interpersonal dynamics and the like. This is also important modeling for you to do as the business owner in creating not just a company but a company culture that encourages a healthy work/life balance among all its employees.

- **Build a Peer Network:** Great insights often originate from fellow co-founders in and outside of your industry. There is a wealth of knowledge that comes from others who have "been there and done that" and ones that are on similar paths.
- **Building an Advisory Board:** Often experienced advisors are looking for ways to give back and support fellow entrepreneurs. You may find these people through your networks or other peers. Never underestimate the power of an introductory email asking for advice, expertise, and support based upon referral or reputation.
- **Address Blind Spots and Skills Gaps:** Acquire knowledge and new skills in the areas you have the most blind spots. Regularly seeking feedback from employees, peers, etc. and making that a part of company culture is a great way to find areas for improvement and to build camaraderie with an organization or team. Leadership Circles, 360s, one-on-one candid conversations and employee surveys are different ways to seek feedback and inform or improve on your leadership and organizational culture. What you then do with that feedback will make all the difference for you and the company.

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LEADERSHIP AND GOVERNANCE SERIES

Creating a Board of Advisors

Why is this important?

When creating an Advisory Board, two items are of utmost importance.

1.) An advisory board is not a quick fix for problems. Advisory boards work best over a period of time where you create a long term strategy/plan and work to achieve short term goals against the long term strategy/plan.

2.) As the business owner, you must be open to hearing opinions and advice that may be contrary to the way you have always thought or acted.

For both of these reasons, you should choose advisory board members who you respect, have a range of experience and knowledge to complement your own, who ask good questions, and who will tell you the truth. Remember that your advisory board is not a business coach nor do they serve as consultants. Rather your advisory board will help you think of creative ways to optimize your business processes, people, vendors, channels, sales and marketing and identify growth in areas where none were previously seen. With their expertise your goal should be to create or refine a long-term plan that holds you and your team accountable for your stated business goals and Key Performance Indicators (KPIs) or other metrics.

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In today's competitive business environment, organizations frequently seek outside expertise to help the company grow and prosper. Traditionally, companies seeking external advice invite advisors to join their Board of Directors. However, the formality, liability and expense of a Board of Directors is fueling the popularity of an informal, budget-friendly alternative for small and medium sized LLC entrepreneurs – a Board of Advisors.

A Board of Advisors is a team of people invited to guide, counsel and advise a company's managing owner, CEO and/or management team. A Board of Advisors is particularly useful in start-up and small companies, providing fresh ideas and unique perspectives to a growing organization. Advisors from different disciplines can complement the strengths and expertise of the organization's in-house leaders and provide broader management knowledge. An advisory board can also enhance an organization's credibility with clients and investors and expand a company's networking contacts.

A Board of Advisors holds some advantages over a traditional Board of Directors and even more advantages over having no regular external advice and feedback on how to best run your business. A Board of Advisors is:

Easy to Create and Expand: An advisory board is an informal group of experts and advisors handpicked by the managing owner, CEO and/or management team. It is relatively easy to create, expand or decrease the size of an advisory board in order to meet the needs of the organization. Moreover, members of a board of advisors can be recruited to serve only as long as they are needed and can be easily replaced. By contrast, a board of directors has legally defined responsibilities and is usually elected by the shareholders and governed by the corporation's bylaws. The ability to create and expand its board of directors is restricted by law and corporate policy. Moreover, directors are elected for established terms and may be difficult to remove.

Less Costly: Companies frequently obtain Directors and Officers Liability (D&O) Insurance to indemnify directors against claims from shareholders, employees and clients. Sarbanes-Oxley and other recent legislation have raised the accountability of corporate directors, increasing the risk that they will be found liable for acts performed in connection with their duties. As a result, the cost of D&O insurance may be too expensive for small companies to afford. Employing a board of advisors instead of a board of directors eliminates the need for costly D&O insurance, since a board of advisors cannot be held liable for advice given since decisions still rest with the CEO. Members of an advisory board may or may not be compensated for their time. When compensation does occur it often varies from a small equity interest in the company, a small per meeting or yearly stipend (e.g., $250 per meeting), or a nice meal and travel reimbursement.

Beholden to the Management Team: The fiduciary duty of a board of directors requires it to place the needs of the organization and its shareholders before the needs of its employees. Conversely, a board of advisors has no such duty to the company; directing, mentoring and advising the managing owner, CEO and/or management team are the advisory board's foremost priority.

How to Create an Effective Board of Advisors

Here are some suggestions for how to form and work with an effective Board of Advisors:

1.) First-hand experience is key: If you've never participated on a board of any kind (e.g., a non-profit board of directors, a business colleague's board of advisors), it may be a valuable experience to start with. It may help familiarize you with how groups handle issues of governance, strategy, and overall direction, and give you a chance to witness both strong and weak meeting management practices. BoardSource, a 501(c)(3) dedicated to nonprofit governance, offers essential tips and information for anyone thinking about forming or serving on a non-profit board. Their website lists in detail the typical responsibilities expected of individual board members and the particular skill sets and characteristics you'll need in order to be a successful board member. **This can serve as a template for setting expectation for your own advisory board members**.

2.) Take time to find the right candidates: When you're ready to form your board, it's vital that you choose individuals who will offer real value and contribute to your success. Start by considering the experience, skills, and capabilities most valuable to you. Don't just look to your friends or immediate network – widen your search to find skilled, reputable candidates who understand your business and industry and/or have

widely applicable skills and experience (e.g., banker, lawyer, trade association leader). Also, don't recruit replicas of yourself. Instead, seek out candidates who offer specific knowledge or experience that you currently lack. Prioritize which set of expertise is the most important before you begin to extend invitations to people to serve on your board.

3.) Communicate your expectations: The next step is meeting with the interested candidates who best fit your goals so you can evaluate their potential. Consider the following questions regarding potential board members: "What kind of time commitment should they be willing to make? Where do you most want them to add value for you and your company? What compensation will they receive for serving on your board?" Make sure the members you select are willing to dedicate the time and expertise required. The last thing you want is to get stuck with a board member who offers little value to your growing company.

4.) Use advisors' time effectively: Since you are asking highly skilled professionals to take time out of their busy schedules to give you advice, it's important that you don't waste their time. Determine a schedule that works for your needs and for their availability. Will you meet monthly or quarterly? Send out agendas, background material and financial information in advance (ideally one week in advance of a meeting). Focus on problems and opportunities that really matter. Don't spend your time justifying your actions or assuring them that everything is fine. Your board members are there to help you succeed and push your company beyond what you hope to achieve, so use them. Lay out the goals, issues and challenges you need to tackle, and strategize solutions. Think big picture and listen to feedback – which is not always easy. Since your board members will ideally come from diverse backgrounds, you just might hear assessments or criticisms that hadn't occurred to you before. Be open.

5.) Keep them in the loop: Send out brief meeting notes that focus on key takeaways and actions you intend to make regarding the topics discussed. It's your call whether to follow any advisor's advice but it shows respect to share how you've used their counsel to make decisions on the issues you bring them.

Additional advisory board resources available here: https://www.vsjf.org/programs/vermont-farm-to-plate-investment-program/vermont-advisory-boards/

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LEADERSHIP AND GOVERNANCE SERIES

SAMPLE: Advisory Board Charter

Here is an example of an Advisory Board Charter. Feel free to customize to your business' needs and requirements.

Company Background:

Insert description of company history, ownership, business type, etc. here.

Company is owned by (company owners). We want to grow the company to thrive, and we are establishing an advisory board to help us manage the company with the benefit of a broader range of experience than we have ourselves. We have recently completed a one-year engagement with the VSJF Business Coaching Program, have recruited a strong leadership team, and have a three-year strategic plan with a clear execution plan for year one. We view the advisory board as the third leg of a support structure that includes the internal leadership team and other staff, and our external professional advisors (e.g., names of legal, accounting, financial advisors, if any).

Scope:

The scope of the advisory board includes the following: evaluating the performance of the company; regular mentoring for the owners and managers; occasional mentoring for leadership team members; strategic planning including legacy and succession planning; emergency continuity of operations support; and other matters as they may come up.

We commit to the following: honesty, transparency, and access so that you can be fully informed to provide your best opinion. We want to be able to use our time together for discussion, not information. Therefore, we will distribute a full board packet a week before each scheduled meeting. It will include an agenda, minutes of the previous meeting, a summary report from the CEO highlighting major events, updated financials and a summary report identifying notable financial items, updated dashboard reflecting performance across departments, and an update of the annual operating plan related to strategic projects from all of the leadership team members.

We ask that you commit to the following: candor, reviewing the board packet before each meeting, being available by email and telephone between meetings and maintaining confidentiality of our core business operations. We understand that schedules can change but we ask that you attend at least three of the four quarterly meetings and prioritize the annual retreat. Of course, we will work to reschedule meetings as necessary to accommodate everyone's schedule and remain flexible.

To be clear, this is an advisory board not a governance board. We are not asking you to take on any fiduciary liability. We are looking for a deliberative board that will ask hard questions and help us and our leadership team maintain the discipline to work "on" the business instead of "in" the business regularly and support the continued professionalization of the organization. The company owner(s) take full responsibility for the decisions that come from this deliberation in balance with the other internal and external supports.

We plan quarterly half-day meetings from [pick a time] in [location], on the [pick a day] of the second month of each quarter, with the ____ quarter meeting being a full day retreat with the leadership team. There will be coffee and snacks available, and lunch will be provided.

Consideration: We value your time, energy, and commitment. Not to quantify your participation, but to express our appreciation, we will pay $____ per quarterly meeting and $____ for the annual meeting. We will also provide [additional benefits]! Advisory board members will also receive employee discounts at (our business location for purchase of products) and are invited to attend staff parties and major company events as part of the team.

Because each of our advisors is recruited for their skills and experience there may be times when it makes sense for us to mutually agree with an individual advisory board member to work on a special project with the company in addition to their board service. In those cases, we will exchange emails confirming scope of work and pay $_____/ hour unless otherwise agreed. Your term of service on the Advisory Board will be [length of service].

Additional advisory board resources available here: https://www.vsjf.org/programs/vermont-farm-to-plate-investment-program/vermont-advisory-boards/

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LEADERSHIP AND GOVERNANCE SERIES

SAMPLE: Business Advisory Board Agreement

Following is an example of an Advisory Board Agreement to adapt and customize to your business and your specific needs.

Purpose

The [COMPANY]'s Advisory Board will support [COMPANY] by providing strategic guidance regarding how to achieve [COMPANY]'s mission statement and main objectives. Specifically, the Board will:

- Act as a sounding board for [COMPANY].
- Provide advice based upon knowledge and expertise that is currently lacking in the business.
- Offer advice in all disciplines including sales and marketing, finance, human resources and operations.
- Steer the business towards achieving our objectives and goals.

Responsibilities

[COMPANY]'s

The Advisory Board (AB) is responsible for advising the team on issues of strategic importance.
To fulfill this advisory role, the AB is responsible for the following areas:

- **Overall Strategic Guidance** – providing strategic guidance in determining the business' mission statement and main objectives and challenging the team to maintain compatibility with these elements.
- **External Analysis** – assisting the team in identifying and addressing areas of opportunity, potential risks and challenges, and emerging local trends.
- **Partnerships** – supporting the creation of partnerships, sponsorships and other strategic links between the team and other organizations.
- **Succession** – facilitating the Executive succession process by offering guidance in the creation of a succession plan and input into the selection of executive positions.
- **Annual Reports and Statements** – reviewing the business' financial statements and annual report as a means of checks and balances.

Advisory Board Chair

The chair is responsible for:

- **Leadership and Vision** – providing leadership and conveying the AB's vision to the team and other stakeholders.
- **Authority** – having the ability to start and end all meetings on time and ensure that the agenda is followed throughout the meeting.
- **Discussions** – monitoring discussions to ensure that they are relevant and useful.
- **Conflict Management** – mitigating any conflicts that occur during a meeting.
- **Designation of Replacement** – arranging for another member to take over these duties in the event that the Chair is absent from a meeting.

Company Leadership Team

The leadership team is responsible for:

- **Membership** – recruiting and orienting new AB members (in consultation with the AB) and managing existing AB members throughout their term in order to ensure continuity.
- **Information** – compiling all information required by the AB (e.g. invitation package/letter, Member Handbook).
- **Schedule** – scheduling meetings and other AB events and maintaining record of anticipated and actual attendance at these events.
- **Materials** – confirming that all materials required for meetings, including agendas and minutes, are distributed in an appropriate and timely fashion.
- **Feedback** – soliciting feedback regarding the AB, including annual AB self-evaluations, and responding in an appropriate manner.
- **Communication** – facilitating communication between the AB and [COMPANY]'s team.
- **Partnerships** – scanning the community for potential team partners; making contact with potential partners and providing a liaison for team members; and reviewing materials used for recruitment of supporters.

Committees may be formed to provide guidance on specific projects or initiatives.

Compensation

The Advisory Board will not be paid for their services [OR The Advisory Board will be paid $___ annually for their services]. Fees associated with attending Board Meetings, if applicable, will be reimbursed by [COMPANY]. Food and snacks will be provided by [COMPANY].

Meetings

Frequency

The Advisory Board meets four times each year. It may choose to hold additional meetings, if it considers them necessary, to carry out its responsibilities effectively.

Scheduling

Quarterly meetings will be announced at the last meeting of the year for the following year. For additional meetings, AB members will be polled to determine availability. The final date will be announced at least two weeks prior to the meeting.

Attendance

- AB members must provide notification of their anticipated attendance at meetings to the [CONTACT].
- Members who miss three consecutive meetings without notification will be requested to reconsider their commitment to the AB.

Materials

Agendas

Draft agendas for regularly scheduled meetings will be determined at the first meeting of the year, creating a 'work plan' for the year (see below). At least two weeks prior to a meeting, the [CONTACT] will distribute a draft agenda for that meeting. AB members will be given a maximum of one week to propose any changes. The [CONTACT] will distribute a final agenda at least one week prior to the meeting. The agenda will be approved at the beginning of each meeting.

At least two weeks in advance of the first meeting of the year, the Advisory Board will receive the following materials:

- A letter confirming participation on the AB for the year.
- A profile of AB members for the year.
- A profile of all executive team members and an organizational chart for the year.
- A current version of the Advisory Board Charter.
- [COMPANY]'s bylaws, code of ethics and any other binding documents.
- [COMPANY]'s mission statement and strategic objectives for the year.
- A one-page information page from each executive team member documenting the individual's proposed strategic priorities and action plan for the year.

Any other materials can be requested by the AB at any time. The team will provide regular AB Meeting materials for distribution at least one week in advance of the next meeting, unless otherwise agreed.

Accountability and Responsibility

Accountability

As the Advisory Board makes recommendations rather than decisions, [COMPANY] is ultimately accountable for its own actions.

Responsibility

Despite not making official decisions, the AB is expected to act responsibly. To demonstrate this, AB members must consistently:

- Exercise due diligence, using a level of judgment and care that would reasonably be expected under the particular circumstances.
- Act in good faith, in the best interest of [COMPANY].
- Avoid conflicts of interest and respect confidentiality (see next section).
- Obtain a degree of confidence in monitoring the integrity and ability of team members.
- Be engaged at AB meetings and proactively ask for information about the company.
- Honor length of term as established and agreed upon by [COMPANY] or until which time expertise is no longer necessary.

Confidentiality and Public Communication

Confidentiality

As AB members are expected to be open and candid in the discussion of strategic issues, it is important to maintain confidentiality by not disclosing information or views expressed by individuals nor any company specific information. The results of AB evaluations and other such practices will also be kept confidential.

Written Records

The minutes and other written records will respect the principle of non-attribution. Deliberations will remain confidential until there is a general agreement and consensus.

[COMPANY] Advisory Board Member Agreement

Name: ______________________________
Title (if applicable): ______________________________
Organization (if applicable): ______________________________
Mailing Address:
Street: ______________________________
City: ______________________________
State: ______________________________ Zip Code: ______________________________
Email: ______________________________
Phone: ______________________________

I have read the terms outlined in the Advisory Board Member Agreement and I understand what is expected of me as a member of the [COMPANY]'s Advisory Board.

Name (printed): ______________________________
Signature: ______________________________

Additional advisory board resources available here: https://www.vsjf.org/programs/vermont-farm-to-plate-investment-program/vermont-advisory-boards/

BUSINESS SEN$E

Next Level Tools for Entrepreneurs & Small Business Owners

LEADERSHIP AND GOVERNANCE SERIES

Succession Planning for Business Evolution

Why is this important?

Succession planning is a crucial aspect of running a small business. It involves developing a strategy and identifying and developing the talent to fulfill the critical roles that ensure the continuity of your business when you decide to exit, or the stability of your business in times of crisis. A well-thought-out succession plan can provide peace of mind and help protect the legacy of the business that you've built. Other benefits of succession planning include identifying your most promising future leaders, creating a structure for training and professional development, boosting morale and reducing business exposure or risk.

Vermont Sustainable Jobs Fund

As a small business owner, you should think of succession planning with two important facets in mind - as an individual and for the business at-large. The way in which you choose to evolve and develop yourself and your business may have profound ripple effects on your life for years to come. Let's explore each of these in a bit more detail.

Individual Succession

Great leaders begin planning for their successors as soon as they start in their leadership roles. And while this may feel like a silly factor to consider when you start (or take over) a business, this thought experiment can be an important one in setting the right tone for years to come within any business.

Thinking critically about who may take over the business to enable you to take on another role at the company, pursue a new project or best case, retire, are all important steps in envisioning and evolving the business in a way that supports the founders, employees, customers, stakeholders and shareholders.

Perhaps you've heard the phrase 'Give Away Your Legos' or better yet read the article. Succession planning may feel like a foreign concept given the state of your small business in this moment, yet there will come a time when you're ready (or need) to do so. Proper and proactive delegation early, rather than in dire straits, is important to a successful passing of the baton.

Here are some key points to consider when creating a succession plan for your small business:

- **Decide how to exit your business:** You can choose to transfer the business to your heirs or sell it to your business partner(s), your employees or another entity.
- **Identify one or more successors:** Determine who will take over the leadership role in your absence, whether planned or due to an unexpected circumstance.

- **Assess the value of the business:** Assess the financial worth of your business and consider factors such as assets, liabilities, and market conditions.
- **Provide for implementation of the plan:** Develop a clear roadmap for executing the succession plan, including timelines and necessary steps.
- **Discuss communication with employees, customers, and family:** Ensure that all stakeholders are informed about the succession plan and any changes that may occur as you exit your business.
- **Include tax planning:** Consult with professionals to understand the tax implications of your succession plan and make appropriate arrangements.
- **Provide for contingencies:** Consider potential unforeseen circumstances and establish backup plans to address them.

Remember, succession planning is not just about selling your business when you step down or retire; it's about creating an exit strategy that takes into account your community, employees, and the emotional aspects of transitioning out of a business.

Who Steps Up to Become Your Successor?

Let's look at the ways to transition your leadership role:

Hire your successor

- This takes time and intention; start with writing an ideal job description for recruiting the ideal leader and when you find the right successor, be sure to onboard them well.

Promote and train a current employee

- This is a common route for many reasons - mainly the institutional knowledge and rapport a current employee comes with is unprecedented and unrivaled.

Leave it to co-founders

- If you have a co-founder or other partners this option may be a topic for discussion when you draft your initial bylaws and operating agreements. Thinking through the succession early and often sets a good precedent for when it does happen, even though outcomes will inevitably shift.

Consider a family takeover

- Many entrepreneurs want to hand the reins over to their family. Again, if you discuss this option early and proactively, it can be a viable way to transition.

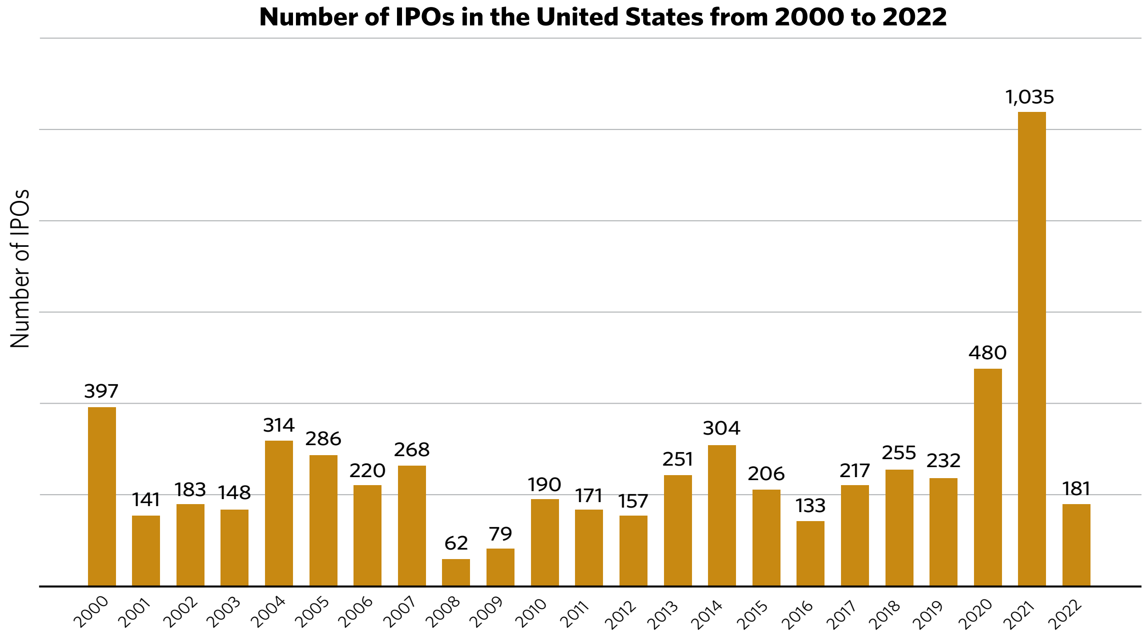
Other Pathways to Successfully Transition

Sale to another company/acquisition

- Whether an ideal scenario or an option when it becomes necessary to liquidate assets, this path perpetuates the brand that has been built and may create staff transition or future employment opportunities. Marketing lists and client/customer sales and distribution have value in an acquisition that can offset debt. One question to think about early in your business lifecycle is "Who would be the ideal company to acquire your business and why?" Often modeling some growth scenarios with that question in mind will better position you for a future sale.

IPO

- This is incredibly rare. However if this is your dream set that course and do your best to achieve it. One statistic to keep in mind – there are roughly 30 million small businesses in the US and there have been just over 6,000 IPO's in the US since 2000!



Sell to employees via an Employee Ownership, ESOP, Perpetual Trust, etc.

- More companies are considering this avenue and rightfully so - you can sell the company to current and future employees, initiate a retirement plan for departing founders and create some models of shared ownership and governance within this transition.

If you've been profitable for a fiscal year or two (or more) the idea of creating an enduring company may be a great option for you. The Vermont based Vermont Employee Ownership Center (VEOC) helps entrepreneurs to transition.

Business cessation and closure (absent of a bankruptcy filing)

- There are any myriad of reasons that may cause your business to cease and close. Servicing debt, shuttering the brand, communicating to customers, vendors and employees can be difficult, yet making the difficult decision to do so may be better than other alternatives.

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LEADERSHIP AND GOVERNANCE SERIES

Strategic Planning

An Overview and a Cautionary Tale

It's been said that if you don't know where your business is going, any road will get you there. You may not be happy with where 'there' turns out to be though.

Strategic planning is the process by which an organization identifies not only where it's going, but also how it's going to get there. And, an accurate assessment of the condition of the vehicle (organizational strengths and weaknesses) taking you there, along with an understanding of the external elements (opportunities and threats) that might either help or hinder your progress. A strategic plan is the roadmap, and the real-time dashboard, that ensures that all of the 'drivers' can clearly see the best routes to take, based on how your business is doing at any given moment in time. It is also the vehicle's Owner's Manual, the document that, when things go wrong (and it's not a matter of 'if' but 'when'), any given 'driver' can access key information to keep things moving; swiftly, safely and efficiently.

Unfortunately, too many organizations treat strategic planning like an annual pep rally, an off-site event, to espouse the leadership's ideas and goals, without a commitment to implementation. And then it gets forgotten, at best, ridiculed at your peril. We strongly believe that unless the top leadership is completely committed to the implementation phase of strategic planning (the much, much longer and more arduous element to ensure success), it is counter-productive to move forward with a strategic planning retreat.

The Steps to Successful Strategic Planning & Implementation (SPI)

Whereas there may be a number of variations on the theme, generally a successful strategic planning process and implementation involves these main components:

- **Operational Parameters –** the core values and the disciplined guidelines to work by. These serve as the 'limits' within which the work will get done. This is the foundation upon which everything else is built. Any strategy, action plan or step needs to reflect back on these core values to ensure that the integrity of the plan and the organization itself is never compromised. These core values might originate from the founder or be developed by the leadership team as part of first step in SPI.
- **The Vision –** what the business will look like in five to ten years. Or, three to five years, as things continue to change so dramatically. Usually only a dozen words, at the most, this Vision statement can serve as the clarion call in the organization, bringing a sense of purpose and unity to everyone's work. The founder or CEO may develop the Vision independently, or, it may be best to create it with a core team of individuals who share a common dream for the business and its future. This may be the best time to start including more people throughout the organization.

Know that leadership exists at all levels of an organization and having front line leaders involved early in strategic planning will help both in the planning stages and as importantly, in the implementation phase.

- **The Mission –** what the business will actually be doing in three to five to ten years. The Mission should focus on the organization's unique strengths, its niche markets and the specific ways in which it separates itself from the pack. It has also been referred to as the purpose of the organization. As with the vision statement, the shorter the better, but not at the risk of clarity.
- **A SWOT and/or a SOAR –** a listing of the organization's internal Strengths and Weaknesses, as well as the external Opportunities and Threats, a SWOT is the internal assessment tool from which the rest of the planning process develops. SOAR is a more positive and metric-centric approach which separates the WT, as the pre-work to identify the Weaknesses and external Threats, but then uses a strength-based approach during the retreat, where everyone (and here it's usually helpful to have representatives from each aspect of the business) assesses their own and the company's Aspirations and desired Results.
- **Long-term Objectives (LTO) –** these are developed at a high level, so they're consistent with the Mission and Vision, but they begin the process of bringing the Aspirations and hoped for Results back down to earth.
- **Strategic Objectives (SO) –** now it's time to take the LTO's, combine them with what we've discovered in the SWOT and SOAR, and develop very specific strategies for achieving measurable results. The Strategies are developed according to the functional areas that have responsibility for implementation. They need to be measurable, observable and achievable.
- **Action Plans –** this last step provides the "Who" is going to do "What" by "When" specifics. Again, the focus is by functional area of the business. The "Who" tends to be the different functional leaders, and the "What" is everything that has been identified in order to build on strengths, resolve weaknesses, exploit opportunities, avoid threats. Think BIG and BEYOND today and have very measurable results. Usually Action Teams are created at this stage, tasked with the implementation phase and reporting back to senior leadership on a regular basis throughout the year.

This process requires a number of weeks to organize, assemble the right players and develop the agenda. Then, it's usually a solid two days to put the Strategic Plan (SP) together, but some organizations have been known to get a full SP done in one, long day. This is especially true in organizations that have already developed their Core Values, Vision and Mission, and they have been fully articulated throughout the organization. Or, they might arrange to do action planning as follow-up work for operational teams, after the retreat.

Having an independent facilitator, who has no bias and won't be impacted by whatever Action Plans are created, is an important role in all of this for a number of reasons:

- **Help set the stage –** this involves things like making sure that the right people are invited to the retreat, advocating for those who might be important leaders in their functional area but without the 'title' of their position. The facilitator ensures that the appropriate pre-work has been curated, vetted and distributed well in advance so that people come prepared to get right to work, and that the agenda is developed in such a way that successful planning, and implementation, is inevitable.

- **Facilitate the discussion. Without judgement. Without any personal agenda –** an independent facilitator helps to manage and corral the extroverts so that the introverts are heard and acknowledged. Additionally, an indepdendent facilitator defers to the senior leaders who are championing the Vision, but is willing and able to be radically candid when need be, no matter who needs to be called to task and no matter their position in the company.
- **Ideally the facilitator can provide expertise in steering wise planning development –** although most facilitation work is inherently passive in nature, there are some moments during the process where a facilitator will 'switch hats' and go into a more active role of steering discussion in a healthier direction. There may also be opportunities, 'teachable moments', where it will be appropriate to provide on-the-spot training to ensure that everyone's got the right tools for the job. If we go back to the analogy of 'planning a long road trip' together, an experienced and tactful facilitator can be both a good tour guide, mechanic and cheer leader.

Strategic planning is a management tool, period. As with any management tool, it is used for one purpose only: to help an organization do a better job - to focus its energy, to ensure that members of the organization are working toward the same goals, to assess and adjust the organization's direction in response to a changing environment. The plan is ultimately no more, and no less, than a set of decisions about what to do, why to do it, and how to do it.

Because it is impossible to do everything that needs to be done in this world, strategic planning implies that some organizational decisions and actions are more important than others - and that much of the strategy lies in making the tough decisions about what is most important to achieving organizational success. Prioritization is key. Narrowing down all of the possible long-term objectives and the strategies to be employed to achieve them is critical to a successful implementation.

Strategic planning can be complex, challenging, and even messy, but it is often defined by the basic ideas outlined above - and you can always return to these basics for insight into your own strategic planning process, however you decide to implement it.

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Next Level Tools for Entrepreneurs & Small Business Owners

LEADERSHIP AND GOVERNANCE SERIES

From Praise to Profits – The Importance of Recognition to Workplace Culture

Why is this important?

With so much change and uncertainty affecting workplaces, it can be easy to forget that employees are at the center of any organization's success. What employees feel – about the companies they work for, their leaders, their teams, and themselves – ultimately provides the fuel for high performance through increased productivity, safer workplaces and decreased absenteeism.

When employees feel valued for who they are and what they do, they act differently, in ways that positively impact their teams and organizations. Every business owner, leader and manager plays a vital role in workplace culture.

Vermont Sustainable Jobs Fund

What is Workplace Culture?

Workplace culture is a collection of attitudes, beliefs and behaviors that make up the everyday atmosphere in a work environment. Healthy workplace cultures align employee behaviors and company policies with the overall goals of the company, while also considering the well-being of individuals. Employee attitude, work-life balance, growth opportunities and job satisfaction all depend on the culture of the workplace. Healthy workplace cultures respect and support everyone's unique skills, experiences and talents while also working together toward shared company goals.

Business leaders set the tone for company culture through their policies, benefits and mission. Managers shape company culture from their hiring practices, where they can select applicants whose personal vision aligns with a healthy workplace culture. Managers at an organization with a successful workplace culture know how to attract and select new employees who share their vision. Prospective employees will likely be drawn to companies that share their values and the type of culture in which they feel comfortable, valued and supported. Good workplace cultures provide stability for talented employees and allow them to grow within a company, reducing employee turnover and connecting qualified candidates with long-term careers. The physical environment of a workplace and the flexibility of scheduling or site also influences culture, with many offices opting for an open floor plan, natural lighting, hybrid work and the inclusion of programming and perks such as break room amenities, tuition discounts, gym memberships, lunch-and-learns, networking and conference attendance, etc.

Characteristics of a Healthy Workplace Culture

While some people may value a more traditional workplace culture and others want something more modern, all healthy workplace cultures have various traits in common which include: accountability, equity, expression, communication and recognition.

Accountability

Each person is accountable for their behavior. A balanced workplace enables people to feel comfortable enough to take credit for their ideas and their mistakes. Open accountability allows each employee to learn from challenges instead of avoiding them. Accountability fosters a workplace culture based on teamwork, open communication, trustworthiness and responsibility.

Equity

Companies that treat all of their employees equitably often have healthy workplace cultures. Every position within an organization has value, and giving everyone opportunities boosts employee morale. Favoritism in the workplace is a sign of a toxic workplace culture and can cause feelings of distrust and resentment between coworkers. An equitable workplace environment is essential for any positive workplace culture.

Expression

People are generally happier, more productive and more focused when they feel able to express themselves in the workplace. If employees have some freedom in their personal style and how they approach their work, that indicates a level of comfort within their workplace culture.

Communication

Open communication is critical for a productive workplace environment. Everyone within an organization must understand how to give and receive feedback, share ideas, collaborate and solve problems. All teams have interpersonal conflicts sometimes, but a functional workplace culture will allow them to resolve issues and work as a team despite challenges that may arise.

Recognition

Thriving workplace cultures recognize employee successes and reward people when they do well. Management in a healthy workplace environment will look for positive attributes of everyone on the team and encourage use of their diverse talents and experiences. Employee recognition ranging from regular verbal praise to competitive salaries can build a workplace culture of inclusion, appreciation and mutual respect.

Why Recognition Boosts Productivity

Many factors influence how much effort employees put into their work, but an easy way to think about it is this:

Humans are motivated by extrinsic and intrinsic factors.

Extrinsic factors at work, such as getting paid, are the motivators we often think about. Pay matters, and monetary incentives can be effective if done right. But extrinsic factors alone can only go so far.

That leaves intrinsic factors to do much of the motivating on a typical business day. Intrinsic motivation is like a magnet that draws us toward activities that are fascinating, enjoyable and fun for their own sake. Work feels intrinsically engaging when people:

- Like the work they do.
- Like the people they are around.
- See the meaning and purpose in their efforts.

Recognition supports all three of those criteria: It celebrates individual work, it bonds teams together and it connects personal achievement to organizational success.

When employees feel engaged in this way, they show up each day ready to give their best. They also work harder, are more productive and are less prone to burnout. As a business owner or manager, be sure that your employees understand the overarching goals and objectives of the business, how their role contributes to those goals and the implications to them as employees when those goals are achieved. Recognition also affirms the importance of quality. It says excellence is better than cutting corners, a job well done is better than hiding mistakes. Recognition likely increases conscientiousness on a work site, which in turn improves safety outcomes. A recognition-rich culture communicates the idea that people are paying attention to how work gets done and that every employee matters in their role.

Learning and Development are Key to Workplace Culture

Leaders may question the connection between learning and development programming, workplace culture and retention. [According to McKinsey research, a lack of development or growth opportunities led around 60% of employees to leave their jobs]. Opportunities for growth effectively keep talent engaged and committed by improving workers' sense of well-being, lowering anxiety and increasing confidence. Additionally, high-achieving, ambitious and motivated candidates are attracted to employers that can demonstrate a track record of advancement for those who perform well.

Industry conferences are valuable as a learning and development tool because of the topic sessions and expert panels they offer. They're also opportunities for employees to network with peers, share ideas and gain exposure to new technologies.

Assisting employees with joining industry associations or acquiring job-specific certifications is also very valuable to professional growth. This shows a commitment to employees' development, which improves the culture and encourages your talent to stick around.

Lunch-and-learns are a great in-house option for learning and development because they have the added benefit of team building. Formal mentoring programs can prepare mentees for career growth and a specific growth track, while more informal arrangements set up a relationship where established employees share their expertise and serve as a go-to resource for developing employees. Relationships like these are valuable not just for learning and development but also for individual promotion within the organization. This can create greater loyalty among employees, which also positively impacts your workplace culture.

"Feed-forward" Management

Managers need to be aware of how their actions and words impact not only individual employees, but how they feed into the overall culture of their organization. Managers need to be trained to give intentional, constructive feedback in ways that are positive and uplifting, while still driving professional growth. Feed-forward input coaches and empowers your team members by focusing on positive solutions and expanding their skills, rather than only focusing on unsatisfactory work or actions, something commonly associated with feedback.

By putting in the effort to really get to know their reports and coworkers, leaders and managers know who people are, how they work, and what they care about, which enables recognition to be structured to better reflect business priorities and make the recipient feel seen. Embedding recognition into the culture means drawing direct connections between positive employee actions and stated company values, so people can see exactly how they're contributing to the culture.

This enables employees to maintain a long-term, big picture outlook when conducting their work, a critical skill for their career development and one they need to harness if they desire to progress into leadership roles.
Your employment brand is your staff. Not what you say on your website. Not what your mission or vision statement claims. It is what your staff says, what they do for your clients/customers and what they tell their friends and family. If

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you want to build a strong brand, start by building a strong, healthy, vibrant workplace culture. You will receive more than just a big return on your investment. You will find yourself loving going to work every day because you have helped build a strong, connected community, not just a workplace.

Three tips to developing and maintaining a positive, engaged workplace culture:

1. ***Have regular, focused, uninterrupted 1:1 meetings with your staff – where you listen more than you talk!*** Using active listening, through frameworks such as Appreciative Inquiry, where genuine curiosity and empathy take center stage. Don't just wait to meet with your employees for an 'annual review'. Use the acronym MBWA (Management By Wandering Around) as your mantra. Literally get up and out of your chair on a regular basis, wander around your workplace and catch people doing good work. Acknowledge them for their efforts and outcomes, either privately or publicly. Make personal check-ins routine to learn how your team is doing at work and in their lives.
2. ***Ensure that the workplace is an inclusive, safe space. Free of judgement.*** Open to healthy conflict and discourse. Using mistakes as learning opportunities, not gateways to punishment and/or shaming. This may be the hardest thing to take on. What is safe for one may not feel safe for others. Our Western culture is prone to avoid conflict, at the risk of honest, candid feedback. Consider adopting a framework for encouraging frank, open conversations, such as Radical Candor and/or Difficult Conversations.
3. ***Get regular readings of how you're doing***, either through the use of anonymous surveys if your organization is big enough, or, by keeping a log of your one-on-one meetings. Either way, use the data from the feedback you receive to keep track of your progress. Share the results of surveys with your people and discuss the whys and what ifs of the data. Make changes and track progress on an on-going basis and routinely reassess your KPIs with the goal of keeping people informed, involved, improving and innovating for success.

Business Sense is a no-fluff source of information that gets right to the heart of what small business owners need: essential tools and informational resources to help their businesses grow. Written by our team of business coaches, this series shares their decades of experience in areas such as financials, operations, sales and marketing, human resources, leadership, and governance. Business Sense is designed to provide entrepreneurs and small business owners in various sectors, including agriculture, forestry, waste management, renewable energy, and environmental technology, with recommendations and practical advice to help their businesses not only survive but thrive.

Our business management coaching and Business Sense Resource Guide are designed to accelerate the growth of the enterprises we work with and expand the leadership capacity of the entrepreneurs who own and manage these businesses.

Let Us Help You and Your Business

The Vermont Sustainable Jobs Fund provides tailored business management coaching, entrepreneurial support, and training to position Vermont-based entrepreneurs and small business owners in our designated market sectors for growth and long-term success. We partner with state government, private sector businesses and nonprofit organizations to build a thriving economic, social and ecological future for Vermont. Learn more at VSJF.org

Vermont Sustainable Jobs Fund
Accelerating Sustainable Economic Development

Learn More

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Next Level Tools for Entrepreneurs & Small Business Owners

HUMAN RESOURCES SERIES

Overview

Why is this important?

Effective Human Resources (HR) is essential to the success of a business, regardless of its size. Your human resource practices and policies should align with your company's values and positively impact your company culture, as well as your bottom line.

From improving company morale and developing methods to ensure high performance standards to resolving conflicts among employees and ensuring a company stays within its compensation budget, there are many reasons why HR is important for business success.

Your employees are your most valuable resource—holistically caring for their employment experience, and taking care of their well-being, must be a top priority.

Vermont Sustainable Jobs Fund

As a small business owner you find yourself wearing many hats. Not only are you responsible for strategic direction, oversight and leadership of your business, you're also heavily involved in day-to-day tasks, especially when it comes to caring for the organization's valuable human resources.

The scope of HR (human resources) functions, even for a small business, is vast. Human Resources encompass the processes, policies, and practices that support and manage an organization's employees to effectively meet an organization's goals. The HR function can quickly overwhelm your time and derail your focus from business development and growth to handling employee relations needs to myriad administrative tasks.

That's why the need to identify and delegate your organization's HR needs—either to another person, a team within your organization or to an outside resource—inevitably arises.

But how do you know when it's the right time to do this? And how do you set up a dedicated HR person or team, or find a more cost-effective outsourcing option?

Whatever your structure/approach, an HR team is ultimately responsible for all aspects of the employee lifecycle, from hiring through separation of employment—and everything in between.

The **Human Resources Series** addresses the following topics and the key role they have on your business success.

- **The Importance of Recruitment**
- **Compensation and Benefits Management**
- **Employment Laws and Employee Policies**
- **Workplace Culture**
- **Leading at the Speed of Effective Communications**

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When is the right time for a dedicated HR professional?

The right time largely depends on your business' circumstances, including budget, projected growth, and size.

Many HR pros suggest formalizing, and delegating HR functions when your organization grows to more than 10 employees. At this point, managing HR can become too much for a small business owner, especially where administration and compliance are concerned, due to the time and complexity involved. Understanding the current state of HR within your organization helps you identify needs and provides a framework for building an HR function, whether wholly in-house or outsourced.

It's important to note that a significant component of HR is record keeping for compliance and audit purposes (i.e., payroll information, training records, recruitment documents, employment eligibility forms, performance improvement plans (PIPs), disciplinary action, and termination records). As such, selecting software to automate daily tasks and streamline HR processes is essential.

Whether you have an internal HR resource, or use an external professional service, key performance indicators (KPIs) are essential to measuring effectiveness of your HR functions. HR KPIs include time to fill a position; employee satisfaction; employee training costs; workforce productivity, absenteeism or turnover; and internal promotion rates.

Setting KPIs helps you review the performance of your HR person or team and their contribution to your overall business strategy. In the meantime, KPIs can also guide HR decision-making and problem-solving.

Finally, HR decision-making is guided by your budget. Allocating financial resources to your HR team, whether internal or outsourced, helps prioritize spending and ensure HR functions run efficiently and effectively. Your HR budget needs to cover essential functions such as wages, benefits, diversity, equity and inclusion training, employee safety and well-being, as well as recruitment, HR technology, and other training and professional development.

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Accelerating Sustainable Economic Development

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HUMAN RESOURCES SERIES

The Importance of Recruitment: Staffing Your Business

Why is this important?

Attracting, hiring, and retaining the right people is key to any organization's success. Having employees with the right skills, abilities, interests, values, and temperament helps ensure that quality services and products are created and delivered, and makes a positive contribution to the company culture. Done well, a hiring process allows business owners and their leaders (supervisors, shift leads, managers) to focus their time on activities that help strengthen and grow the business, and support and develop their employees, instead of addressing problems related to behavior, performance, safety, or quality.

Quality hiring practices take time and money to develop and put in place, and skilled, caring supervisors to consistently follow and help improve. Key activities include preparing job descriptions, creating and managing a process for sourcing, vetting, and selecting candidates through interviews, reference checks, and hiring decisions, and designing and implementing a new employee onboarding process, all in compliance with relevant laws and aligned with your culture. This document outlines strategies, tools, and resources aimed at getting the right people into your organization, and in the right roles.

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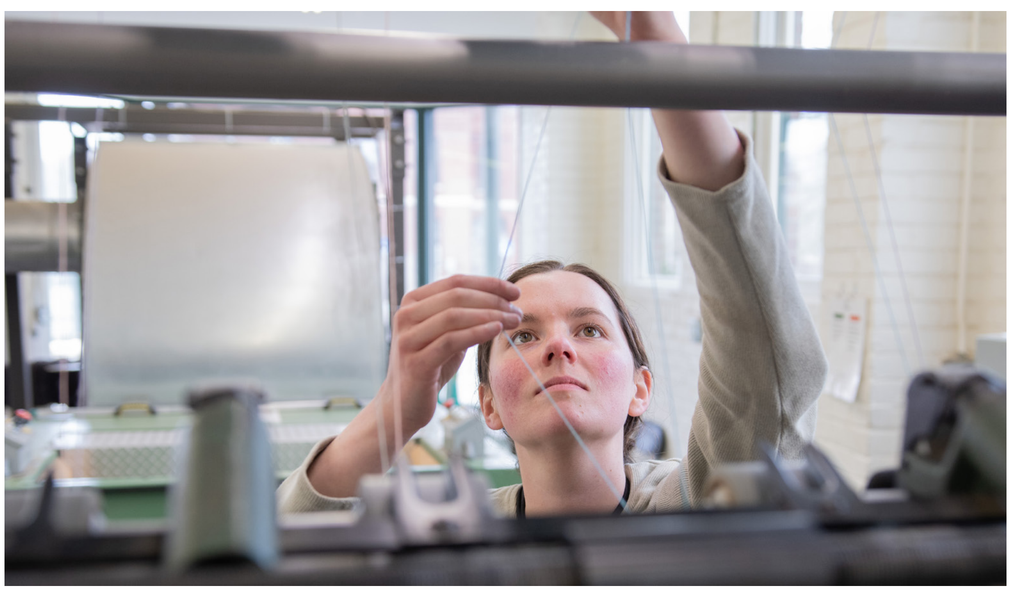
Who Do You Need and When Do You Need Them?

A new business may initially employ friends and family (i.e., as the initial approach) to perform the necessary duties to get the business underway. Even if you only have a few employees, it's important to clearly define what work needs to be done, where that work fits into the organization's structure, and how it relates to and interacts with the work of others. You may find that one or more people will wear several hats until the organization is large enough to have more narrowly focused positions.

As your business grows or employees leave, a formal staffing plan can help you maximize efficiency and allocate resources appropriately, ensuring your company has the right number of people with the skills you need to meet your goals. The benefits of creating a strategic staffing plan include:

- Targeted recruitment efforts: By identifying your company's immediate and future staffing needs, you can focus on recruiting the right people at the right time.
- Staff retention: Hiring employees into positions where they can thrive and use their skills well increases the likelihood that they will want to stay.
- Succession planning: Forecasting changes in staffing needs gives you a method of identifying prime candidates, whether high potential or high performance, to move into higher-level positions as others leave or you need more managers or higher-levels of subject matter expertise.
- Productivity: Anticipating changes in the workforce helps you anticipate hiring needs and can minimize downtime due to an insufficient number or kind of employees. This allows you to get someone new into the position quickly to keep workplace productivity high.



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Developing a Strategic Staffing Plan

Step one in creating a staffing plan is to review your business goals and evaluate how these objectives might affect your workforce demands, including the need for more employees or new skills required to help reach those goals. Then consider any factors that influence your staffing plan – internal, external, positive or negative – that could affect your plan and that your business has no control over. For example, a shortage of workers overall in the economy, competition for like-type skills, third shift scheduling, etc.

Next, evaluate your current staffing environment, such as the age of your workforce and turnover rates, total number of employees and their skills and competencies, and potential workers or managers seeking advancement. After evaluating your current staffing environment, you are ready to make predictions about your future staffing needs which will inform your staffing plan.

Crucial information for your staffing plan includes an outline of the personnel needed for your business with job titles and job descriptions; time schedule and location relative to the position; budgetary considerations (base wage or salary, incentive compensation, taxes, insurance, etc.); recommended or required training and/or certifications; the need for seasonal or part time personnel; and criteria for promotions.

The development of staffing plans often falls to the person or department responsible for HR, but getting involvement from different departments or other parts of the organization can elicit important insights and needs. Current employees can give insight into staffing concerns and the support they need to improve their performance. Managers might have information about upcoming projects or staffing changes they anticipate on their teams.

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HUMAN RESOURCES SERIES

The Importance of Recruitment: Attracting the Right Candidates

Why is this important?

Attracting, hiring, and retaining the right people is key to any organization's success. Having employees with the right skills, abilities, interests, values, and temperament helps ensure that quality services and products are created and delivered, and makes a positive contribution to the company culture. Done well, a hiring process allows business owners and their leaders (supervisors, shift leads, managers) to focus their time on activities that help strengthen and grow the business, and support and develop their employees, instead of addressing problems related to behavior, performance, safety, or quality.

Quality hiring practices take time and money to develop and put in place, and skilled, caring supervisors to consistently follow and help improve. Key activities include preparing job descriptions, creating and managing a process for sourcing, vetting, and selecting candidates through interviews, reference checks, and hiring decisions, and designing and implementing a new employee onboarding process, all in compliance with relevant laws and aligned with your culture. This document outlines strategies, tools, and resources aimed at getting the right people into your organization, and in the right roles.

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Attracting the Right Candidates

Before posting the position, you will want to develop a detailed job description as well as abbreviated job posting content to advertise your opening. Key components of the job description include:

Job Title | Hourly or Salaried Designation | Fair Labor Standards Act (FLSA) Employee Classification (e.g., ..., ...) | Summary of Responsibilities | List of Essential Duties and Responsibilities | Qualifications* | Physical Requirements | Location and Work Hours/Days/Shift | Special requirements like carrying a beeper, mandatory overtime, and/or travel.

***Qualifications:** A helpful way to identify and organize qualifications is by using the acronym KESA, which stands for **Knowledge, Experience, Skills,** and **Attributes**.

When defining position qualifications, it's important to carefully consider what an employee must be able to do on day one, and what they can learn through either OTJ (On the Job Training) or formal instruction. In a tight job market, and when competing for specialized talent, it's helpful to think about a range of candidates you might consider, and how you would describe their qualifications. For example: If you're seeking a web application developer, do they need to know a specific coding language, or do they need to have demonstrated the interest and ability to learn coding languages in general?

Knowledge – What do employees in this role need to know in order to carry out their responsibilities? This could include knowledge developed on the job, as part of a hobby, self-guided learning, and/or formal education. If secondary education or an advanced degree is not essential for success, you may increase your candidate pool by omitting any educational requirement.

Experience – What do employees need to have done in the past in order to safely and effectively carry out their responsibilities? Could they have gained that experience outside the workplace through volunteering and/or household or parenting/elder care responsibilities?

Skills – What soft skills (e.g., ..., ...), technical skills (tools, technology, design, engineering), organizational, planning, and communication skills are needed to carry out key responsibilities?

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Attributes – What qualities should someone exhibit for success in this role? Are there qualities you look for in all employees that you want to include in every job description? Once you've created a job description, you can develop a job posting that includes the title, summary of key responsibilities, and any must-have qualifications. It is also helpful to include either a starting hourly wage/salary, a hiring range, or at least the bottom of the hiring range; doing so can help ensure that only candidates who can consider your level of pay will apply, reducing the chances of investing time interviewing someone who will not be able to accept an offer. This level of pay transparency is increasingly being mandated by state law to promote fairness and reduce pay disparities based on protected factors like gender, race, age, or ethnicity. Determining what to pay for a job can be done through market-based evaluation of what other employers are paying for similar roles and qualifications, or by using a more involved "point factor analysis" combined with a market review. The Vermont Department of Labor tracks wage data and makes it available to employers at http://www.vtlmi.info/wageincome.cfm.

In addition to job-specific information, prospective candidates will want to know about your organization. This part of your ad content can draw from a mission statement and values that guide how your organization operates, the workplace culture you strive to provide, and highlight any recognition you've received as a good employer. Reinforcing the "why" of your business differentiates you from your competition and enables you to attract top talent who seek meaningful work in a rewarding environment. Ultimately, compelling ad content is a tool for attracting people who can do the job in a way that aligns with and supports your company's values.

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HUMAN RESOURCES SERIES

The Importance of Recruitment: Effective Hiring Processes

Why is this important?

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What is an Effective Hiring Process?

Hiring employees takes time and care to ensure you hire people with the knowledge, skills, and experience needed to perform key functions in your business. While the hiring process for entry-level positions may be fairly quick and simple compared to executive-level roles, both can benefit from a structured process that may include some or all of the following:

1. Application process: This can be as simple as having a paper application at the front desk of your business or on your website, or as complex as directing applicants to submit a cover letter and resume online, via an on-line form or via email. Some employers may wish to avoid business disruption from walk-in job seekers while others may opt to post open positions where prospective employees (who may be customers in your place of business, or follow you online) can see them and apply on the spot.

2. Vetting process: Most hiring efforts involve one or more of the following activities:

Resume/application review and screening call or initial interview – After reading over a prospective candidate's resume or application, it can be helpful to start with a 15-30 minute phone conversation to discern the candidate's level of interest. You can ask some initial questions to find out if they possess the minimum qualifications, and to confirm they are amenable to the starting hourly rate or salary, or the hiring range, as well as specifics such as mandatory overtime, work schedule (hours/days of the week), location, beeper and travel requirements, etc.

Formal interviews – Whether in-person or virtual, these longer conversations delve more deeply into the candidate's ability to do the job, their interest and motivation for exploring employment with your company, and the extent to which they will perform and behave in a way that aligns with your company's values and behavioral norms. Optimally, new employees will make a positive addition to your company culture. The higher-level and more complex the role, the more rounds of interviews are usually involved. Interviews can take many forms ranging from 1:1 with a hiring manager to informal meetings with prospective co-workers aimed at helping the candidate understand a typical day and provide current employees the opportunity to offer their insights about the candidate's qualifications/interests to the hiring manager. Group interviews involving a hiring team of the manager, an HR professional, and an employee with subject matter expertise needed to properly evaluate candidates' qualifications is another approach. Anyone involved in interviewing prospective candidates should receive training on unconscious bias, as well as, unlawful questions and other topics/questions to avoid that may expose the company to risk.

Interview Techniques and Questions

It's important to think about both what you want to evaluate (based on the job description) and the kinds of questions that will help elicit related insights and information. Things to evaluate may include:

- Hard skills (experience, knowledge, education, and skills)
- Soft skills (interpersonal, oral and written communication, problem-solving, attributes, etc.)
- Interest in your business and mission
- Alignment with your company values

Types of Questions:

- Behavioral-based questions designed to gain insight into how a candidate handled relevant situations in the past.
- Open-ended questions that cannot be answered with a yes or no.
- Close-ended questions that can be answered with a yes or no.
- Scenario-based questions that ask the candidate to describe how they would handle a situation relevant to the job.
- Demonstrations of skills or knowledge through role playing or a pre-assigned presentation.**

To help candidates provide useful insights, consider sending the scenario and/or some or all interview questions in advance of the interview. This practice is helpful to candidates who may be shy, less experienced or comfortable during interviews, and hopefully helps make the best use of everyone's time during the interview.

** ***cautionary note:*** Unless you are willing to pay the candidate for their time, avoid asking them to do real work that benefits your organization.

Avoid Unconscious Bias When Evaluating Candidates:

Malcom Gladwell pointed out in his first book, "The Tipping Point: How Little Things Can Make a Big Difference", that we tend to make almost instantaneous decisions in our hiring processes, based on our unconscious biases. To avoid this tendency, focus on evaluating the values and behaviors the candidate demonstrates during the interview process, the extent to which they could make a positive contribution to your organization's culture, and their interest in helping advance the company's mission. Optimally, each new employee makes a positive "culture add" to your organization.

References and Background Checks -

References - Before making an offer, it is important to talk with people who know the candidate from a variety of relevant perspectives. While it is prudent to talk with a former manager, you might also consider asking the candidate if you can speak with others who can help round out your knowledge of them. These other individuals could include a former coworker or peer, people who were "customers" of the candidate (e.g. a direct report, an actual customer, or a vendor), or people with whom the candidate volunteered.

Background Checks – Given the type of position you are hiring for, you may or may not need to conduct a formal background check. Generally, background checks are focused on evaluating one or more of the following: criminal record, credit record, and verification of educational credentials and employment history. Background checks need to comply with the Fair Credit and Reporting Act (FCRA) and Vermont's Fair Employment Practices regarding criminal history records and employment based on credit information. Hiring a reputable background check organization helps ensure compliance with state and federal laws.

Background checks and drug tests or fitness for duty tests should only be done after a contingent offer of employment is made and with the candidate's consent. It is prudent to seek guidance from an employment attorney before undertaking any of these checks, and to have your offer letter reviewed for legal compliance.

Whatever checks you do run, it is important to treat all final applicants in a consistent manner. Checking for some and not others could invite a claim of discrimination. **You should focus on treating all candidates in a consistent manner throughout each stage of the hiring process.**

3. Making an Offer

Extending an offer of employment is an opportunity to personally express your enthusiasm and interest in having the candidate join your organization. While a nicely written letter is helpful for confirming the terms of the offer (e.g., job title,

start date, pay, benefits, etc.), making the offer by phone or face to face personalizes the offer to the candidate, after which you can send the offer letter. It is advised that you develop an offer letter template with the kinds of information that will be included in each hire you make and this should be reviewed by an employment attorney so that it complies with employment laws and best practices.

Don't Forget About Candidate Experience

Everyone who interacts with your business and employees is a customer of sorts, whether they are selling you tools or raw materials, purchasing your products, or applying for a job. As an employer, the way you go about recruiting, interviewing, and either hiring or rejecting candidates creates a reflection of your company in the employment market. Focusing on providing a positive experience for job candidates can reap huge rewards in the form of referrals to other applicants, positive comments on social media, and perhaps even a new customer.

The market for top talent is always competitive, making it critical to close the loop with each candidate, even if done via a brief, appreciative email. No company wants to create a reputational risk of being known as the black hole of job applications, and just because an applicant isn't right for one role doesn't mean the perfect opportunity isn't right around the corner.

The dynamic nature of HR matters in growing companies means that roles, responsibilities, and reporting structures will change over time. Identifying and discussing these changes, whether they happen by design or organically, helps individuals and teams thrive.

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HUMAN RESOURCES SERIES

Compensation and Benefits Management

As a business owner, you, eventually with the help of an HR team, are responsible for determining your total compensation philosophy, strategy, practices, and structure, including base pay and any additional compensation.

Strategy and Design Considerations

When designing a total compensation structure, you need to first be aware of any statutory requirements regarding pay-related considerations, such as federal and Vermont minimum wage and overtime, the federal Equal Pay Act, worker's compensation insurance, and Vermont's Fair Employment Practices Act. There are also some mandated time-off benefits, such as Vermont's paid sick leave law and Parental and Family Leave Act. Even though the latter doesn't require employers to provide paid leave, it is important to consider these benefits as part of the time off an employee may need to take.

For many reasons, employers are moving toward greater transparency and equity in their pay practices. A group of Vermont employers formed The Leaders for Equity and Equal Pay several years ago, culminating in a free toolkit aimed at providing small employers (those with up to 400 employees) with the tools to conduct in-house, DIY gender and racial pay equity reviews.

It's also helpful to benchmark your pay and benefit offerings to ensure you can effectively compete with employers needing people with similar qualifications. The increase in pay transparency in job ads makes it much easier to know what some employers are doing without running afoul of antitrust laws like The Sherman Act, which prohibits unreasonable restraint of trade, including setting compensation and benefits provided to employees. To protect your company, it's best to seek data that has been compiled by a third party using median pay rates and aggregated data gathered from various sources, and that does not directly identify survey participants. Examples of third party data sources include benefit brokers/advisors or HR consulting firms, such as Gallagher, Flynn and Company, LLP (see link below), Hickok and Boardman (see link below), and Common Good Vermont (see link below) that conduct annual surveys of area employers, as well as the U.S. Bureau of Labor Statistics and Vermont Department of Labor's Wages and Income Information.

Gallagher, Flynn and Company, LLP's HR Consulting Group conducts an annual salary survey and report: https://gfc.com/services/hr-consulting/

Hickok and Boardman's HR Intelligence and Retirement Solutions conducts an annual benefits survey and report: https://www.hbhriq.com/employee-benefits-survey/

Common Good Vermont conducts a bi-annual Wages and Benefits Survey and Report of nonprofit organizations: https://commongoodvt.org/jobs/wages-and-benefits-report/

Employee Benefits

Employee benefits are an important component of your total compensation package; they include both involuntary benefits mandated by federal or state law and voluntary or fringe benefits the employer chooses to offer. Low-cost voluntary benefits can include things such as disability insurance to provide income protection if an employee becomes ill or injured off the job, providing flexible work hours, or a stipend for wellness-related expenses such as a gym membership. As a company grows and can spend more on benefits, the list could include insurance (health, dental, short term/long term disability, life and vision), paid leave, remote/hybrid work, educational benefits, a retirement plan, etc. While manufacturers probably can't offer remote work, they might be able to offer something unique, such as a discount on products that employees may need and appreciate. Optimally, benefits are a net gain for the employee and an investment in people that can favorably impact business operations, workplace culture and even the company's bottom line, while not negatively impacting a company's bottom line or operations.

Benefits matter to both current and prospective employees. While base pay (hourly wage or salary) is important, according to Glassdoor's Q3 2015 Employment Confidence Survey, nearly four in five (79%) of employeess would prefer new or additional benefits over a pay increase. For budgeting purposes, a well-rounded benefits package can account for 30%+ of total compensation.

Another aspect of compensation is payroll and benefits administration, related taxes (including income taxes on some employer-provided benefits), reporting, employee communications, and annual enrollment. Even for small businesses with only a few employees, these processes can quickly become complex and time-consuming.

Compensation and Benefits Management

Payroll administration, including tax compliance, reporting, and time tracking, are all tasks that need to be taken care of, either by your bookkeeper, yourself or a third party. Once that's handled, factors such as   rewards and personal autonomy* can pay huge dividends in employee satisfaction, reduction in staff turnover and a workplace culture that attracts the best talent.

Benefits to the Next Level

There are a number of studies that claim compensation is not the main predictor of workplace satisfaction. From articles in the Harvard Business

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Review to studies noted by critically acclaimed author Daniel Pink in his book, Drive: The Surprising Truth About What Motivates Us, we are reminded that money is not our prime motivator. These studies urge us to focus on workplace culture where attention is paid to personal autonomy, mastery and purpose. These are the prime motivators once pay is at a base level where people are not worried about making enough money to survive.

Compensation components that include rewards (think 'employee of the month' with a new spin) that recognize any above and beyond extra efforts made can go a long way towards both instructing new staff on what's encouraged and acknowledging existing staff on their contributions.

These 'rewards' can be as simple as a gift certificate to a local restaurant to something more personalized based on the individual's needs/wants, such as an extra day off with pay.

* **Footnote:** Autonomy: one's ability to generate results from a place of trust, ability to set own schedule/ location, initiate a course of action based on self-knowledge and inner wisdom, as opposed to being micro-managed.

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HUMAN RESOURCES SERIES

Employment Laws and Employee Policies

Why is this important?

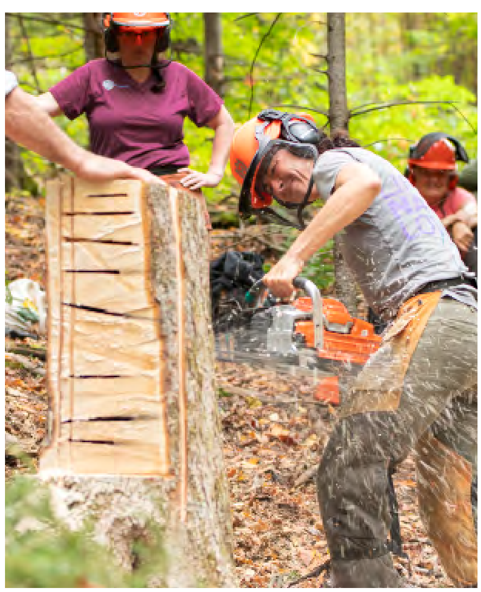
Complying with applicable employment laws is important for several reasons, not the least of which is that failure to do so can lead to penalties and other fines, and damages such as back wages that could be due if an employer is not in compliance with the overtime provisions of federal and state wage and hour laws. Another reason is to ensure that you have the proper policies and practices in place to protect and benefit both yourself and employees. Lastly, complying with employment laws can help support risk management, safety, and workplace culture goals. By notifying employees of their rights and responsibilities, you are not only ensuring compliance, but you are building transparency and opening lines of communications for issues that may surface.

Vermont Sustainable Jobs Fund

Introduction

Business owners need to be aware of all applicable federal and state labor and employment laws, what they require, and how to comply. While some laws only pertain to businesses in a specific sector, or to businesses that employ more than a particular number of employees, other laws apply to all employers.

An example of a law that doesn't apply to all Vermont employers is Vermont's Parental and Family Leave Act (VPFL). In general terms, the parental leave part (for birth, adoption or foster care) applies to employers with 10 or more employees who work an average of at least 30 hours per week per year, while the family leave portion (for the employee's own serious illness or the serious illness of their child, stepchild, foster child, ward, parent, parent-in-law, or spouse) applies to employers with 15 or more employees. The companion federal Family and Medical Leave Act (FMLA) does not apply until you have 50 or more employees.



Important laws that apply to all employers, regardless of size, include (but are not limited to) the Vermont Fair Employment Practices Act, wage and hour laws, and Vermont's Earned Sick Time Act.

What to pay attention to

Non-Discrimination

All employers are subject to basic non-discrimination laws, and cannot make any employment decisions on the basis of the following protected characteristics: race, color, religion, national origin, citizenship, sex, sexual orientation, gender identity, ancestry, place of birth, age, disability, health coverage status, HIV status, genetic information, veteran or military status, crime victim status, pregnancy or pregnancy-related condition, or any other characteristic protected by law.

State and Federal Laws

It's important to know where state and federal laws differ and/or overlap. The VPFL and FMLA laws are a great example of the importance of understanding and evaluating both laws and creating an appropriate policy for your size of organization. When there is a difference between state and federal regulations, employers must comply with whatever favors or offers the greatest protections to their employees. You can always be more generous than required, e.g., providing paid leave for employee needs that are not already mandated by law.

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How do I know what laws apply?

Fortunately, both the State of Vermont and the Federal government provide a number of valuable resources for employers. A list of key laws and related compliance tools and training resources can be found on the State of Vermont's Workplaces for All website, organized by the following topic areas and with links to federal resources:

- Wage and Hour (you can also find helpful information in the Compensation and Benefits Management Business Sense PDF)
- Workplace Safety
- Non-Discrimination

Other Helpful Sites
For Workplace Safety

- Federal:
    - Federal mandated training and resources
- Vermont:
    - https://labor.vermont.gov/vosha/safety-management
    - https://labor.vermont.gov/vosha/vosha-resources
    - Project WorkSAFE: https://labor.vermont.gov/workplace-safety/project-worksafe
- For Non-Profit Organizations
    - Common Good Vermont's HR resources.

How do I communicate with employees about applicable employment laws?

There are a number of ways to communicate with employees about your company's practices and compliance with applicable laws. Key tools include the following:

Employee handbook

Done well, an employee handbook can serve as both a compliance and culture resource, conveying to employees both employer and employee rights and obligations vis-a-vis employment policies, as well as communicating company values and the type of workplace culture management strives to cultivate for the benefit of all. It is important to have an employment attorney review your employee handbook, and/or stand-alone policies, to ensure policies do not create risk for the organization.

Some laws require that you have a written policy outlining employee rights and responsibilities. Business owners that do not feel ready for full handbooks with all of their policies should at least issue basic legally required policies while they develop a complete handbook.

Mandatory employment law posters

Employers are required to prominently post a number of state and federal employment law posters. Some posters must be posted continuously (e.g., for FMLA and Wage and Hour) while others may be provided once. It's also important to understand the differences in posting requirements for 100% on-site, hybrid, and fully remote workforces.

Helpful links:

- Federal Employment Posters and Related Recordkeeping
- elaws - FirstStep Poster Advisor (dol.gov)
- https://www.dol.gov/sites/dolgov/files/WHD/legacy/files/fab_2020_7.pdf

Training and education

It is important to review your employment policies with all new employees to ensure they understand company expectations, obligations, and intentions, as well as what is expected of employees. Supervisors should be provided additional

training – both when they start a supervisory role and ongoing – on the important role they play as agents of the company, their responsibilities in helping upload and reinforce policies, and the personal liability they have in relation to sexual harassment claims.

Day-to-day practices

- **Be aware of employment status.** In Vermont, the default for employment relationships is "at-will employment," which means that either an employee or an employer can terminate the employment relationship at any time and for any reason, provided that the reason is not unlawful. There are a number of ways that at-will status can be modified (through agreements, policies, or verbal promises). Employers should also be mindful that there are various laws that prohibit termination or other retaliation if an employee exercises a protected right, or on the basis of a characteristic protected by law.
- **Strive for consistent employee relations practices** A common mantra for HR professionals is to treat similarly situated employees in a consistent manner. This approach helps ensure employees encountering similar situations are treated in a fair, consistent, and equitable manner, although not always in the identical manner in terms of actions taken to address a situation.
- **Keep abreast of changes in law and best practices** Employment laws and regulations are constantly evolving and require diligent monitoring to identify needed changes to policies and practices, and ongoing training and education of employees.
- **Know when to call an employment attorney** Employment attorneys can play a crucial role in helping employers maintain a proactive approach to risk management related to employee policies, practices, and relations by reviewing handbooks, providing preventive training in employment law and common day-to-day workplace issues, ensuring all contracts are necessary, well-crafted, and enforceable. Employment attorneys are also critical sounding boards when you need to respond to an employee complaint of potential discrimination or retaliation, you need help handling an investigation of sexual harassment or other discrimination claim, or navigating a sensitive employee relations issue, etc.

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HUMAN RESOURCES SERIES

Leading at the Speed of Effective Communication

Business is nothing more than a series of conversations.

Why is this important?

As reported on Grammarly's website, a 2023 Harris Poll, "The State of Business Communication 2023", representing over 1,000 workers across many industries found that poor communication costs the US approximately $1.2 trillion, or $12,506 per employee. That same poll noted that communication is getting worse instead of better. As we come out of the throes of the pandemic and return to in-person office settings, we would have expected to see improvements in communication at work. Instead, "lowered productivity" went from 28% to 43%, compared to 2021.

Effective communication is the process of exchanging ideas, thoughts, opinions, knowledge, and data so that the message is received and understood with clarity and purpose. Effective communication in business can boost employee motivation, increase employee engagement, satisfaction, productivity, and reduce workplace conflicts that can arise based upon the diverse cultures and beliefs of a workforce.

Effective communication is the single most powerful tool a leader has to move a team into constructive action. Whether face-to-face, via email, through video conferencing or in a group meeting, one of the most difficult tasks a leader must perform is providing constructive feedback that allows team members to make difficult adjustments, improve their 'game' and succeed at their job. When communication is valued as a core competency, organizations improve in all areas of performance excellence.

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How to Make Improvements

Here's a list of tools, tips and resources to help you communicate better:

- Run effective meetings people WANT to come to – meetings that matter! Where employees feel heard and respected.
- Use tools like "Difficult Conversations: How to Discuss What Matters Most", as created by the Harvard Negotiation Project, to better understand the 9 different conversations that occur during every interaction.
- Become a Learning Organization, where everyone is encouraged and supported to learn a common effective communication framework. In addition to the one noted above, you might find these to be a better fit for your organization:
  - Fierce Conversations
  - Crucial Conversations
  - Appreciative Inquiry
- Know how to listen to both what's being said, and what is NOT, and how to bridge the gap.
- Handle emotions more effectively; start by recognizing that they exist, even though they are rarely talked about.
- Share information more clearly and consistently.
- Set clear limits and boundaries – though it may sound counter-intuitive, Brené Brown, an award-winning author and expert on leadership notes, in her book, Rising Strong, that *"Compassionate people ask for what they need. They say no when they need to, and when they say yes, they mean it. They're compassionate because their boundaries keep them out of resentment."*
- Help others develop and grow – don't wait a whole year to sit down and review an employee's goals, aspirations and motivation. Try to make it happen at least once a season. Do it while taking a walk at least once a year, more often, weather permitting.

Listen appreciatively, Walk your Talk. Be present.

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Tips for Effective Communication in the Workplace

1. Communicate the Right Way
For more effective communication, first, ask these questions.

- **What is the goal?**
- **Who needs to hear this?**
- **How should I pass the message across?**

Ineffective communication often occurs when leaders or managers talk to the wrong employees or share information in the wrong workplace setting. The communication purpose should be directed only to relevant recipient(s) and your method of communication should be appropriate for the employee and the situation. For example, an employee may prefer email, while another opts for a physical interaction, where there's eye contact, and they can read your body language. Generally, it's best to communicate urgent information or instructions, major news or sensitive news such as a promotion or transfer face-to-face.

2. Prioritize Two-Way Communication
Effective communication in the workplace involves speaking, active listening and feedback. Both parties need to understand each other.

Practice active listening: To avoid missing important information, don't listen to a coworker just so you can reply. Instead, listen to understand them. Maintain eye contact with the speaker, take notes to capture your thoughts while they're speaking, and respond with relevant gestures to show you're actively listening.

Embrace feedback: Ask your team members for feedback on your message and communication style either during meetings or anonymously in suggestion boxes, and note their comments and concerns. When you offer feedback, but do it thoughtfully and in person, not publicly. Adopt constructive feedback by first expressing appreciation for their work and then pointing out how to improve. Invite employees to share their thoughts on your feedback.

3. Build Your Communication Skills
Be clear: To communicate effectively, be clear about your goal, use easy-to-understand words and avoid incomplete sentences. Also, provide context when communicating with your team. For example, if you're setting expectations for a big push to get things done in what might be considered an unreasonable amount of time, let people know WHY this is important and how it will benefit both the customer and the company. Also, encourage employees to ask questions to minimize errors and maximize productivity.

Remain courteous: Practice respectful communication and work through differences positively. Even during disagreements, try to stay polite, avoiding offensive words. Monitor your body language and facial expressions, and use the right tone, to avoid unintentional cues.

Stay open-minded: Make sure your employees feel comfortable approaching you with ideas or concerns. Consider their thoughts and address them respectfully, even when busy. And if you have concerns about an employee's behavior or performance, discuss it with them directly.

4. Embrace the Uniqueness of Each Employee
Every employee has their own unique communication style. Learn about their preferred communication channels and style – and then tailor

your methods to their select style. While the sales team seeks endless data analytics, the bookkeeper might not want detailed stories about how to land clients.

5. Make Time for One-on-One Interactions

To improve workplace communication, you need to be intentional about relationships. Schedule one-on-one meetings with your team. These meetings show your employees that you value them and are willing to connect with them more personally. Employees who are more reserved or quiet tend to be more open and share valuable information and feedback in private settings.

6. Schedule Weekly Team Meetings

Routine meetings create space for employees to speak their minds. Team leaders can meet with members to review each week's accomplishments, challenges and concerns, and set goals and tasks for the future. Document important conversations and share recaps to clarify points and help the team remember recommendations and action points.

7. Invest Time in Team Building

Creating a dynamic working environment enables people to feel safe and confident. By promoting social interactions and casual, collaborative activities, employees feel more connected to one another and understood which improves retention and enhances work culture.

8. Show Appreciation

Businesses with engaged and happy workers make significantly more profits than those with miserable employees. Appreciate employees and show you care. Thank them for their brilliant ideas or for completing a task quickly. Be specific and genuine with your praise so that they can replicate it with their co-workers as future situations warrant.

9. Use Tech – Get a Team Communication App

The pandemic reminded us that absent of good team communication, there will be miscues, especially in remote or hybrid work environments. Consider team communication tools to stay up to date and collaborate on projects. These tools can provide a valuable hub to meet to carry out tasks, share information and discuss upcoming deadlines. Communication apps include project management tools, video conferencing tools and intranet shared drives within a business.

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MARKETING SERIES

What is Brand Marketing – and How Do You Create a Brand Marketing Strategy?

Why is this important?

Branding is more than just a logo on your website. Your branding is who you are as a company; it's your values and your mission, it's the way you treat your customers, it's the look and feel of your visual assets. So, before you can move forward with the more tactical steps in your branding strategy like designing your logo, take time to get clear on who you are as company, or in other words, your brand identity.

No matter what your business does, or what your product is, chances are, there are other companies doing the same thing. So, if you want your business and your product to stand out, you need to figure out what makes it distinctive and special. The more clarity you get on who you are and what you stand for, the more you can infuse that identity into your branding—and the more your brand will stand out and grab customers' attention as a result.

To truly stand out in today's hyper-competitive market, it's not enough to talk to the talk—you need to walk the walk, too. It's about what you do once you've connected with those customers. The reputation you gain—and what customers say behind your back—is the most important part of your branding and your business' long-term success.

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What is a brand?

A brand identifies and represents your product or service and the attributes and values of your business. A brand helps your customers to position and distinguish your product or service from your competitors and is a promise of what your customer will experience by doing business with your company.

Your point of difference/point of distinction (POD) is what makes you special; it's what makes a customer choose your company to do business with over your competitors—and it should be infused into every part of your branding strategy.

Brand Marketing

Brand marketing is a way to promote your product or service by promoting your brand as a whole. Essentially, it tells the story of your product or service by emphasizing your brand in its entirety.

It's important that you understand the difference between branding and marketing so you can efficiently use them together. In essence, marketing is how you build awareness of your brand and its products, and generate sales. While branding is how you express who your business is for, what it's all about and why it matters.

Think of marketing as your revenue-generating toolkit and branding as your overall approach to reaching your target audience. Branding is one of the primary building blocks of your marketing strategy, so it will always come first.

Take a company like Nike, for example. From its iconic "swoosh" to its powerful "Just Do It" messaging, Nike's branding is instantly recognizable and has inspired long-term loyalty among its fans. Nike's marketing is everything it does to engage, influence and activate athletes of all abilities, like TV and radio ads, billboards and social media ads. Nike's brand recognition and reputation were not achieved overnight but are the result of an ongoing and painstaking process of investing in its brand and showing up consistently across every customer

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touch point over many decades.

No matter what business sector you're in or how large you aim to grow, it's important to define who your business is as a brand before you create a marketing plan.

That means clearly identifying your company's personality by carefully creating your brand's logo, typography, color palette, illustrations, voice, tone and style to embody your brand's values.

Brand marketing is an all-encompassing, constantly evolving strategy that revolves around creating brand awareness, recognition, trust, and visibility with the goal of igniting a distinct ***feeling*** that will stay with your audience forever. A brand marketing strategy defines a brand's approach to communications, customer service, sales and the products themselves by promoting products and services in a way that highlights the overall brand to clearly and consistently enhance affinity and reputation.

Here are three questions every business should answer when putting together their brand marketing strategy:

- Who is your target audience?
- What is your brand's primary goal?
- How does your brand define success?

While different for every brand, there are five simple steps to take in marketing your brand that will help define what your objectives should be, how you should talk to your audience and how you'll measure the success of your brand and your business.

When everyone has a shared understanding of the brand's importance, employees feel a deeper investment in their work. This fosters a sense of ownership that encourages them to take greater responsibility for the brand's success.

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Brand Marketing in Five Simple Steps:

1

Understand Your Brand Purpose

Understanding why your brand exists is core to your brand marketing strategy. These questions will help you articulate your brand's purpose.

- **Who is our target audience?**
- **Why would they trust us?**
- **How does our brand make them feel?**
- **What challenge does our brand solve?**
- **Who are our competitors?**
- **What is our brand's background story?**
- **Why was our brand created in the first place?**
- **If our brand was a person, who would she, he, they be and why?**

This first step is where you'll start defining how your brand will look and feel. This means choosing your brand color palette, typography and imagery to visually represent your brand persona and identity so as to be recognizable and distinctive.

2

Research Your Target Market

Understand who your customers are by creating customer personas. A customer persona is a comprehensive picture of your perfect purchaser that helps you create an emotional connection with your audience. Ask yourself questions such as:

- **How old is this person?**
- **Are they single, partnered?**
- **Where do they live?**
- **What is their job?**
- **What do they do every day?**
- **What's their educational background?**
- **What do they care about?**
- **What was their most recent purchase and where do they like to shop?**
- **What do they need from our product or service?**

A clear vision of your ideal customer persona can be used to inform and guide everything from your business name to the art style you choose for your logo to the best ways to reach them and when with your brand story and product attributes.

3

Define and Sell Your Story

To sell your brand's story you must create the right message. Your story should connect your brand with your target audience, encourage loyalty and trigger brand recall.

Often a simple, heartfelt story that captures your audience's attention is the most memorable, and creates an opportunity for engagement with your brand and loyalty over time.

Great stories on your website, packaging, or social media channels are often shared by customers whose strong networks can influence new customers to try – and buy – your products.

4

Get To Know Your Competitors

Getting to know your competition is as important as knowing your ideal customer. Research their story, know their products and determine how you're different from them, then focus on those differences in your marketing messaging.

For example, if your competitor is known for being the lowest cost, you may want to focus on why quality is more important than price in your brand communications.

5

Create Brand Guidelines and Governance Standards

Once you understand your brand and audience, think about how to connect them in your marketing. Creative brand guidelines are where you'll document and detail your logo, colors, fonts, tone of voice and more. These guidelines will help any designers and marketers you work with tell your brand's story and deliver your message in the best possible way, as well as ensure brand clarity and consistency.

Brand governance boosts collaboration and enthusiasm within your business too. At the heart of any successful branding strategy are the people who champion it, which is why it's essential to have brand champions throughout your business who truly understand your brand's essence and values. These ambassadors must possess a deep understanding of your brand's story and be able to seamlessly articulate its nuances to their colleagues, your current and prospective customers, the media, your board or advisors, etc. By equipping employees with the knowledge and tools to find and utilize different brand assets in their daily work through a centralized digital asset management system, you ensure the use of the right logos, images, videos, collateral, etc. and consistency in the delivery of your value propositions.

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MARKETING SERIES

The Power of Branding–Your Brand's Positioning Statement

Building out a solid brand strategy can help attract your target audience, increase sales and grow your company.

What's in a Brand?

A well-developed brand is one that communicates what a business does best and the value of the business to its' customers. A well-crafted brand also evidences how the business is different from its' competitors, not only to its' customers but also to its' employees. A brand is not a logo, a slogan, a tagline or a mission statement. Rather it's the rationale, cultural and emotional attributes unique to your business. In essence, your brand is your best sales pitch.

Your Brand Positioning Statement

The purpose of a well-crafted brand positioning statement is to convey a brand's value proposition to its' target customers, and to increase the brand's perceived value and trust. It also frames the brand's identity, goals, and distinguishing features within the context of the buyer's experience.

Unlike your mission statement, your brand positioning statement is not public-facing. Rather it's an internal positioning statement intended to summarize the value that your brand, products, and services bring to your current and prospective customers.

Four Elements of a Brand Positioning Statement

1	**To (Target)**	• **Who is the consumer target?** What slice of the population is the most motivated to buy what you do?
2	**Your brand is the (Category)**	• **Where do you play?** What is the frame of reference that helps to define the space in the marketplace that you compete in?
3	**That is the (Benefit)**	• **Where do you win?** What promise will you make to the prospective customer, thinking about main benefit (rational/emotional)?
4	**That's because (Support Points)**	• **Why should they believe us?** What support points help to back up the main belief?

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To craft your business' brand positioning statement, you'll need to get clear on a few key facets of your business *(Write in your answer)* :

Who You Serve?
What Value You Offer?
How You Position Your Offer?
Why You're In Business?
What Makes You Different From Your Competition?

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MARKETING SERIES

Know Your Customer

Why is this important?

The first rule in sales is to know your customers. Knowing who your customers are and understanding their needs, expectations, lifestyle and habits, is key to increasing revenue and profits and building brand loyalty. When you truly know your customers, opportunities for connection are easier to find and aligning sales and marketing tactics with actual customer needs is more efficient and less costly.

Depth of customer knowledge is crucial to sales success. It requires knowing more than your customers' name, age, gender and income. It requires knowing their habits, interests, likes and dislikes as well as what motivates them to take action or keeps them from purchasing. You need to have a thorough understanding of why they should even consider your product or service in the first place. How can you provide a product or service that meets their needs if you don't know anything about them? How can you reach them with your marketing if you do not know where to find them? How can you convince them to purchase your product or service if you do not know what messages will attract and engage them?

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Knowing Your Customer is Knowing Your Market

Providing a product or service that meets a specific need is often referred to as a **Product-Market Fit**. It requires having a clear value proposition for your goods or services that answers the question "why choose this product or service over all other options?" Only by understanding your customers can you create a value proposition that meets their needs. Companies who achieve a successful Product-Market Fit, spend a lot of time learning about their customer, adapting their value proposition and fine-tuning products to what they learn.

What is Your Value Proposition?

Your value proposition is a brief statement that identifies your company's unique products, services or features. It helps attract customers to your brand by defining what your company does well and what it can offer customers. Your value proposition may include information on how a product works, how the customer can benefit from using it and why your brand's value is better than other available options on the market. A good value proposition is clear and relevant to the brand.

As an example, VRBO's value proposition is simple and direct; it tells customers how the company can help them find a place to stay during their next vacation. Its value proposition lets travelers know they can find and book a rental property in a few easy steps.

Knowing Your Customer is Knowing Where to Reach Them

In today's market, there are so many places that potential customers can be found. We split our time between the real world and the online world and receive information from an infinite number of sources. It is no longer possible to effectively reach customers without knowing their lifestyle and their habits. When you know where they go and what they do, you can meet them where they are and spend your marketing dollars wisely.

Knowing Your Customer is Speaking Their Language

Consumers live in a world where they encounter hundreds of marketing messages each day. When you are able to speak in their language and use words, phrases, quotes, and metaphors that directly resonant with their wants and needs, you attract customers more quickly and retain them longer. By talking with them (not at them) your brand can stand out in a crowded marketplace and win them over. Knowing their language enables you to create sales and marketing materials that gain a potential customer's attention, provoke interest, stimulate desire and prompt action. All of this is easier when you know your customer and what makes them tick.

Knowing Your Customer is Giving Them the Experience They Want

A basic tenet of sales is that it is more costly to acquire a new customer than to keep an existing customer happy. Knowing the kind of experience that your customers want, and then focusing on meeting their needs, is an important step to creating a long-term valuable relationship. When needs are not met, an opportunity is lost. Research shows that consumers will walk away from brands, even if they love them, if their experience does not meet their expectations. Understanding the kind of experience that satisfies your customer creates loyalty and repeat business. It lets you focus your time on what matters most to your customer.

Take Time to Get to Know Your Customer

Knowing who your customers are forms the foundation for all of your business, marketing and sales planning. Learning about your customers takes time and requires both quantitative data and qualitative stories from your target and actual customers. Customer data is a valuable asset in your business and provides insights about how to deliver the right experiences at the right time, from lead-generation to long-term retention. It is helpful to develop sales and marketing strategies that include touchpoints to collect relevant and up-to-date information about your customers and to learn why they like (or dislike) your company. Surveys, website analytics, landing pages, search engine data, interviews, focus groups, sign-up forms, loyalty programs and social media conversations are a few ways to gather data on your customers.

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De-mystify your Customer Information with Customer Personas

Personifying your target customer is an excellent way of understanding the people you are trying to sell to and how they will be using your product or service. Buyer Personas are fictional representations of your ideal customer based on the research, data and stories you collect. They can be both actual (who you are selling now) and aspirational (who you want to sell in the future). Depending upon your business, you could have one persona or as many as ten. Well-developed buyer personas help you determine what prospects to nurture, guide sales and marketing messages and strategies, and provide focus to anything that relates to customer acquisition and retention. Buyer personas are not static. They need to be tested and refined regularly, based upon feedback and data, to ensure that they are accurate, relevant and effective.

Customer Personas Include:

Demographics: age, profession, income, gender identity, marital status, geographic location, etc.

Psychographics: habits, interests, values, likes, dislikes, lifestyle

Motivators and Goals: What drives them to action? What problems are they looking to solve or desires are they hoping to address?

Roadblocks and Challenges: What keeps them from taking action? What do they fear?

Purchase Objections: What would keep them from buying your product?

Solution You Provide: Why would they buy from you?

Real Quotes: What would they say about how your product addresses their needs and wants?

As an example, if your business sells hiking boots or outdoor equipment, you might create a buyer persona like "On-the-Go Eddie". Eddie is male, and a Gen Z who gets his information from outdoor catalogs and websites, hiking and adventure travel blogs, and social media. His biggest frustration is buying outdoor gear that doesn't last or doesn't meet his needs. Eddie is comfortable paying more for quality hiking boots and gear that will endure his rigorous adventures in the wild. Although he has a limited budget, Eddie doesn't hesitate to buy premium hiking gear that will last. He relies on reviews, influencers and blog posts for unbiased information about the best equipment for the types of trails he prefers.

Eddie has a few favorite brands, but he's always open to new ideas as long as they're recommended by a trusted source. Currently, Eddie is looking for a new pair of hiking boots to replace his previous pair. They held up well, but he didn't love them enough to buy another pair. He's also more experienced now, and he wants the best he can afford.

If your target customer is not the end consumer but another business, the demographic and psychographic information will be different:

Demographics becomes <u>POSITION INFORMATION</u>: title, role in the business, role in the buying process, personal targets and compensation

Psychographics becomes <u>ORGANIZATION PRIORITIES</u>: mission, values, culture, revenue goals, department priorities

B2B buyers now demand an entirely different kind of relationship with your organization – they expect to be treated as equal partners. As importantly, over three-quarters of business-to-business sales have more than one person involved in the purchase process.

A typical B2B buying process involves three stages - awareness, evaluation and purchase stages. The process usually begins with the realization of a need for a product or service.

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As an example, meet Gwen, the specialty food buyer at Fresh Market seeking to add gluten free tacos to her assortment. For B2B businesses, understanding Gwen's job title and level (manager, merchandiser, etc.) can help you to figure out how much influence this person has over procurement and the final purchase decision. Equally important is understanding the level of knowledge and experience Gwen has in her role as the buyer and about your product category in general. Providing Gwen with valuable end consumer data, as well as the attributes of your product include messaging its value to her targeted consumers with merchandising and promotional plans will help her save valuable time, address pain points, and enable her to focus on other priorities.

As you gather all your customer information, you will start to see common characteristics and unique customer personas will emerge. Give each of your unique customers a name, whether business to business or business to consumer. Naming them will help you think and speak about this persona as a real person and guide you to craft sales and marketing messages targeted specifically to them. Share these personas with all members of your team and include them in discussing all decisions that your company makes. If you do right by these personas, you will build a direct connection with the real customers that they represent – boosting sales and building and brand brand loyalty.

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MARKETING SERIES

Digital Marketing

Why is this important?

A digital marketing plan is a document in which you strategically map out your digital marketing objectives, as well as the actions you'll take to achieve those objectives. Among other things, it can include business goals, digital strategies, and competitive landscape analysis as well as timelines, budgets, digital channels, and more.

Without a well-defined plan in place, your digital marketing efforts will be inefficient and ineffective – and it's likely you'll waste money and see diminished returns.

As digital marketing continues to grow and take over market share from traditional marketing, many small business founders and marketing managers are asking how much they should be spending on digital marketing.

The U.S. Small Business Administration suggests allocating 7-to-8% of your gross revenue to marketing and then spending approximately 50% of that marketing budget on digital marketing specifically. While this varies by industry, how long the company has been in business, and whether your business is B2B (Business to Business) or B2C (Business to Consumer), that guidance is reasonable and expected in current times.

As an example, if your revenue is $1,000,000 you can expect to spend $70,000-$140,000 on total marketing. That would bring your digital marketing budget to between $35,000 and $70,000 for the year.

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How to create a Digital Marketing Plan

1. Define your digital marketing goals and business objectives

Clear, concise, measurable, and attainable digital marketing goals and business objectives with goals help you define exactly what you want to achieve and measure. You should also include specific numbers and timeframes to benchmark your progress.

For example, double organic search traffic in the next 12 months. This provides you with a deadline, a framework for setting milestone goals, and specific actions to take (e.g., optimize your site, create amazing content, and conduct strategic outreach for SEO, etc.).

2. Define audience segmentation and buyer personas

For any digital marketing campaign to be successful, you need to know who you're targeting. Segmenting your audience and then building buyer personas for each of those segments can provide you with insights about what types of marketing will be most effective.

Start by defining the different segments in your target audience. From there, begin building out the personas of your ideal customer within each segment. Personas include specific information like age, gender, occupation, location, pain points, goals, and desires. When you understand the goals and struggles of a specific market segment, you can create highly relevant content that resonates more deeply with them. You'll know what messaging is most effective and how to get your message in front of each persona. More importantly, you'll find better ways to move them through your sales process.

Your buyer persona information will vary depending on whether you're Business to Business (B2B) or Business to Consumer (B2C) and the price of your product/service. Some demographic and additional information you may want to include is:

Age range
Income
Job title
Location
Priorities
Goals
Challenges
Interests
Social media platforms
Industry
Pain points
Products/features desired

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Your goal in creating personas is to get inside the minds of your target customers and to see things from their perspectives. When you understand what matters most to them, you can make a digital marketing plan that speaks to their deep desires and big challenges.

3. Conduct a competitive analysis and determine market share
In order to be effective in your marketing efforts, you need to know your competition. A competitive analysis allows you to identify your competitors, calculate your market share and determine the marketing strategies they employ.

When doing your competitive analysis, consider the following types of things:

- Which audience segments are they targeting?
- What digital marketing channels are your competitors using?
- Where are they strongest?
- Where are they weakest?
- What portion of their traffic is earned/owned/paid?
- What's their positioning in the market?
- What's their claimed differentiation?
- What type of messaging and specific language do they use?
- What is their tonality and brand personality?

A thorough competitive landscape analysis will give you insights into how you can use online marketing to surpass your competitors. For example, you may realize that your competitors' positioning and differentiation are well known, so you'll benefit from crystalizing your own in contrast. Or, you may discover they're strong in social media marketing but weak when it comes to SEO performance.

4. Conduct a SWOT analysis
SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats) is the counterpart to a competitive landscape analysis. It offers a framework to analyze your business against other forces in your market. Use this process to identify what's working, spot potential organic growth opportunities, and prepare for external threats. Organic growth opportunities may include an ecosystem of content, SEO, PR, word-of-mouth, emails, and social media that produces a flywheel effect that amplify your value proposition and increase organic sales.

Start by analyzing the **strengths** of your company. What are your primary advantages over your competition?

Which things do you do particularly well? What unique resources do you have at your disposal?

Next, look at your **weaknesses**. What elements of your business aren't working particularly well? What things keep you from making sales? Where do you fall short of your competitors?

The third step is to look closely at the **opportunities** available to your company. Are there any market trends you can take advantage of? Can you utilize new technology that your competitors can't? Is there an under-served segment in your audience?

Finally, identify any potential **threats** to your business. Could a competitor steal market share? Are there any obstacles blocking growth? Are there potential financial issues on the horizon?

The data from your SWOT analysis will help you develop your digital marketing plan. Your plan should cater to your strengths, mitigate your weaknesses, move toward opportunities, and proactively avoid potential threats. All in the name of helping you to increase sales.

Social Media as an element of your Digital Marketing Plan

A lot goes into building a successful social media campaign—creative assets, social copy, paid strategy, reporting and much more. If you're using social media as a component of your digital marketing plan, you need a social media budget. As a general rule of thumb:

- B2B companies should allocate 2-5% of revenue to marketing
- B2C companies should allocate 5-10% of their revenue to marketing

Here's the average amount each size of business spends on digital marketing per year although numbers vary based upon gross revenue, product, distribution channels, etc.:

- Small businesses (<20 employees): $30,000
- Mid-sized businesses (20-49 employees): $60,000
- Large businesses (50 employees or more): more than $100,000

Respective to the marketing spending above, the percentage allocation for social media aligned to consumer products is 21.8% for B:C social media campaigns. In the next five years, that percentage is forecast to rise to 25% as more consumer package goods brands utilize social media to greater degrees.

What should your social media budget plan include?

- Content creation – photography, video, talent, graphic design, copywriting, editing – content is critical to capturing your audience's interest and more importantly engagement.
- Software and tools – design, editing, video, monitoring, media analytics, etc.
- Paid Social Media campaigns

- Influencer marketing to expand your campaign reach
- Training
- Social strategy and management

Strategies to Fuel Organic Growth in your Digital Marketing Plan

1. Unite and amplify your marketing mix through Search Engine Optimization/SEO

SEO is the single most effective organic growth marketing strategy. The reality is that organic search is the only marketing channel that increases in value over time. Even if your SEO budget remains relatively fixed, the amount of traffic and revenue you generate goes up. That's because improved rankings lead to greater visibility which translates to more backlinks which improves visibility, and so on. Compare this to digital channels like PPC (pay per click), where you get a fixed, temporary, more modest return on ad spend. In other words, you get no more — or no less — than what you pay for. In fact, Google openly acknowledges that the ROI on SEO is 5.3X compared to just 2X for paid search advertising.

Beyond that, you can also leverage SEO to improve brand awareness and sentiment, leading to greater brand equity. As a result, you'll reduce risk and control your messaging more effectively.

Why is organic search so effective at driving growth? One of the big reasons is that it exactly mirrors the way your audience is thinking at the precise moment they are most receptive to your message. SEO allows you to come alongside potential customers and provide them with content, answers, and solutions that actually helps them and supports their buyer journey – and the lifetime value of your brand.

2. Develop engaging high-value content that's differentiated from your competitors and memorable. Content 'wins' when it:

- Evokes an emotional response
- Solves a customer problem, or answers a question
- Inspires or uplifts
- Tells/shares stories that resonate with customers
- Includes an element of surprise

3. Track SEO Metrics / Performance
Whether you look at rankings, traffic, engagement, leads, orders, revenue, or authority, SEO metrics give you key insights into exactly how your organic search strategy performs and the impact of your digital marketing plan. SEO metrics include:

- New Referring Domains
- Domain Authority/Domain Rating
- On-page Optimization
- Text Readability
- Impressions
- CTR/Click Through Rate
- Keyword Ranking
- Organic Visibility/Organic Market Share
- Organic Traffic
- Organic Conversions
- Number of Pages Indexed
- Page Speed
- Pages per visit
- Crawl errors
- Bounce rate

4. Tools to track SEO metrics
There are a several tools that make it easy to measure the top SEO metrics.

Use Google Analytics for tracking metrics like organic search traffic, pages per visit, and bounce rate. Use Google Search Console for monitoring impressions, CTR from the Google Serach Engine Results Pages (SERP), crawl errors, and number of pages indexed.

Ahrefs, Moz, and SEMRush help you stay on top of new referring domains, domain authority, and keyword rankings. ContentKing, Lumar, and Screaming Frog make it possible to identify technical errors within your site and then fix them. Google PageSpeed Insights and Pingdom help you measure page load time. Use Yoast and Clearscope for on-page optimization and text readability.

Ahrefs - Ahrefs - SEO Tools & Resources To Grow Your Search Traffic

Moz - Moz Pro 30 Day Free Trial - Moz

SEMRush - Semrush - Online Marketing Can Be Easy

ContentKing - Real-time SEO Auditing & Monitoring Platform - ContentKing for Conductor (contentkingapp.com)

Lumar - Lumar — Eye-Opening Website Intelligence.

Screaming Frog - SEO Agency - Screaming Frog

Pingdom - Website Monitoring Service - Availability and Performance | Pingdom

Yoast - SEO for everyone • Yoast

Clearscope - Clearscope: The A++ SEO content optimization platform

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Creative Briefs

What is a Creative Brief?

A creative brief is a short 1 to 2 page document outlining the strategy for a creative project (i.e., logo, product packaging, print ad, social media campaign, etc.). A creative brief is a map that guides a design or advertising agency, or a company's internal creative team on how to best attain the goals of the initiative or campaign. At a design or advertising agency, the creative brief is usually created by the account manager in close consultation with the client, who can be the business owner or a delegate of the owner most often responsible for the marketing and sales activities of the business.

To that effect, it's an interpretation of the client's ideas and vision for the brand and the product.

In many instances, this brief is created by and for the agency, and is open-ended in nature. That said, this same tool may be used in-house by the business owner, led by a skilled marketing staff member to facilitate the process of defining the Creative Brief to attain the campaign goals. You can, and should, include anything and everything that will help the agency, designer or internal creative team understand your brand and product better.

Most creative briefs include the following:

- A short **brand statement**. A brand positioning statement explains to customers the values, benefits and ideals of your specific brand. It is a complete strategy that implements different unique elements, such as a logo or slogan, to show why your business is better than the competition. For example: Amazon: "*For people with limited time in their day who want to reduce the stress of heading to the store or the mall to shop, Amazon has nearly everything you need all in one place. Plus, it delivers products to customers quickly, using a dedicated fleet of drivers.*" Key takeaway: Amazon's aim is to be different through efficiency and customer convenience
- A brief overview of the initiative's background and objectives – or **project background**.
- Key challenges or insights that this initiative aims to resolve – or **project objective**.
- **Target audience** for the initiative with demographic/psychographic information.
- A list of chief **competitors**.
- Primary message describing the brand's values and market positioning – or **consumer message (your driving idea or single-minded thought) with key consumer benefit/s** and supportive statements that validate the benefit/s.
- **Communication channels** on which the initiative will be distributed. For example – website/s, social media channels, blogs, etc.
- **Advertising tone or brand voice** – in keeping with the brand positioning; for example, friendly, innovative, hip.
- **Advertising medium** – as applicable from print to digital, social networks to point of sale.
- **Mandatory elements** – as applicable to include trademarks, patented technologies, brand colors, etc.

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Essentially, the creative brief describes the "what" of the project (i.e., its' objectives) and "how" to achieve them (i.e., the creative approach). A creative brief ensures that all creative messages are clear, consistent and "on brand" and gives the creative team that you're working with a broad vision for your brand, business, and the project at hand. It should offer inspiration and serve as a jumping off point for brainstorming ideas as well. A creative brief reduces the potential of conflict by ensuring that you and the creative team/agency with whom you're working are on the same page. It also serves to align your resources – time and money – and expectations with the creative media strategy or design solutions. Finally, creative briefs are flexible in their content and design. The format simply needs to work for both you as the client and the creative team with whom you've partnered for the project.

The Five Elements of an Effective Creative Brief

To write an effective creative brief, you need to focus on these five elements:

1. Your Product
A creative campaign starts and ends with the product that you are selling. If you don't understand the product and are unable to convey its' attributes or benefits succinctly, you can't expect your creative team to do a good job.

As the product's owner, be prepared to educate your creative team by answering the following fundamental questions:

- What product are you advertising?
- What category does it belong to?
- Where is the product currently being sold?
- Where is it being advertised? Where will it be advertised in the future?
- What is the product's current status in the market?
- What are the product's existing brand values?
- How many variants are currently available?

Your goal is to map the product's current brand perception. This will

be a combination of factors, such as price, quality, perceived quality, etc. Be ready to provide sales reports, market surveys, and consumer data to help your creative team understand the product and your brand well.

2. Your Business

Your business and your product can often have a complex relationship. In some cases, the business brand might be completely independent of the product, particularly in larger businesses with multiple brands and products. In most other cases, the product and the business affect each other in a symbiotic relationship.

In developing your creative brief and working with your creative team, your goal should be to provide:

- An analysis of the business' brand perception.
- An understanding of the business' relationship to the product brand.
- A map of the factors affecting the business' brand perception.

3. The Market

The 'market' is a combination of the "Three C's":

***(1) Competitors -** their strengths, weaknesses, market position, and media strategy.*

- Who are the product's and the brand's chief competitors?
- What is their market share compared to the product?
- What is the competition's marketing strategy? Where do they advertise?
- What kind of messaging and tone does the competition use?
- What kind of customers buy the competitor's products?

***(2) Context for the campaign -** political, social, and technological movements.*

- How does the market currently see the product or its' category?
- Is there a cultural moment you can tap into to promote the product?
- What cultural values, ideas, or events can you align the product with?
- How is the economy doing? Is it a time for optimism? Or are people concerned with saving?

In a time of "personalization/ customization" and "activist brands", businesses are increasingly aligning their products with social and cultural movements. Think of how you can tap into these biases or trends to create a better brand message.

***(3) Category -** how people see the product category.*

- How do people perceive this product category? What factors affect this perception?
- Is there a change in people's perception of the category? Is this change positive or negative? What is leading this change?
- Are there any category conventions you can use in the campaign?

The Three C's have a marked influence on the campaign and must be considered in the creative brief.

4. Your Customers

Your customers are the most important ingredient of the creative brief and of your business. In developing your creative brief be prepared to convey your deep understanding of your target audience, its' wants, desires, and tastes. To do this, start by describing the following:

- Demographic data (age, sex, income, marital status)
- Other data (interests, aspirations, lifestyles, habits)
- What they think about the product and the brand right now ("boring", "fun", "not for me", etc.) from your formal or informal research, social listening, comment cards, etc.
- What you want them to think about your brand ("change perception", "shift frame of reference", etc.)
- Frustrations, aspirations, life needs, and shared beliefs you can tap into in order to interest them in your product and convert them to your brand

The purpose of all this data is to understand how to ignite the sparks that will motivate your target audience to buy your product. This action should align with the campaign's objectives.

5. The Campaign

Every campaign has a specific goal, message, and audience. It's not uncommon for brands to run several campaigns at the same time with different messages in larger businesses, or if products have a seasonal lifespan. As the project and/or business owner, your job is to convey the goals for this project/campaign so that the creative team can define the campaign's strategy and approach.

In summary ...

Together you should be able to answer the following questions within the context of the creative brief:

- What is this campaign trying to do? Increase awareness? Increase traffic? Get more shares? Be as specific as possible.
- What customer action would make the campaign "successful"? Fill out a form? Click a link? Call the business?
- What specific challenge is the campaign trying to address? State this in a single sentence. Example: "We want to advertise new features to get more trials."
- What is your media strategy? Where will the campaign run?
- What is the chief message for the entire campaign?

Your collective goal in completing the creative brief is to find the "driving idea" for the project/campaign and how best to leverage it to achieve the intended results.

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Brand Ambassador Program

Why is this important?

A brand ambassador program is a strategy that lets you formally recruit your biggest advocates – people who love your brand and are already enthusiastically engaged with it – to be your long-term promotional partner. Usually, it involves mobilizing these evangelical ambassadors to accomplish a specific goal, such as increasing sales, driving conversions, improving social selling/engagement or building brand awareness and trust.

Brand ambassadors work closely with your business for long periods of time. In many ways, they serve as the face of your brand and an extension of your mission, vision and values – as well as the eyes and ears of the marketplace, providing you valuable insights on your product.

Effective brand ambassadors spread positive messages about your business, influence product sales, provide customer service and act as authentic voices and spokespeople for your brand. Importantly, brand ambassadors humanize your brand. Today more so than ever, consumers prefer to purchase products from people with whom they have a trusted relationship rather than faceless companies. A brand ambassadors' shared experience about a product or service is a source of information that consumers trust most.

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The Benefits of a Brand Ambassador Program

A brand ambassador program formalizes all the details and expectations of the relationship, including any requirements, guidelines and incentives that have been agreed on. The benefits of a structured brand ambassador program include:

1. Brand Ambassadors are trusted.

According to a Nielsen report, 92% of consumers believe recommendations from family and friends far more than direct messaging from a brand. Product recommendations that come after a personal experience, such as brand ambassador's first-hand testimonial, are one of the most trusted sources of information. Also 75% of consumers decide what to buy based on social media posts yet 96% of the people who discuss brands online do not follow that brand's online presence. If your business is tapping into a new target market, the right brand ambassador can help you do so authentically and in the quickest way possible.

As importantly, besides driving more visibility, brand awareness, and sales, brand ambassadorship can be a very efficient way of improving your business' employer brand and, therefore, driving more high-quality candidates for your open positions.

2. Brand ambassadors promote your products authentically, without the formalized 'sales' pitch approach.

Brand ambassadors have purchased – and used – your products repeatedly. Therefore they offer their own perspective and words when sharing your brand with others. This genuine affinity translates to promotions that are infinitely more effective than press releases or sales pitches.

In fact, you may notice brand ambassadors will even promote products without prompting (because they honestly love your brand). It's this real, powerful testimony that leads to more sales conversions.

3. Brand ambassadors who are active on social media create and share content for you.

Shining the spotlight on your product is what a brand ambassador lives to do. As long as you furnish ambassadors with your latest products and information, you can sit back as they roll out fresh content in their own distinct style. Their personal, unique content is posted and shared widely throughout their network expanding your reach in ways difficult to replicate. You can also repost the content on your own site and channels, demonstrating the diverse audiences you serve with your product.

4. Brand ambassadors influence – and even expand - your market.

Choose an ambassador with good communication skills and who has authority with an audience that is also your brand's target market. Even if a brand ambassador has a smaller audience, as long as they provide regular engagement, you have the makings of a word-of-mouth campaign and the opportunity to expand your product reach into a community you may not be able to access on your own.

5. Brand ambassadors provide valuable user feedback, market intelligence and consumer insights.

Brand ambassadors are already fans of your product – which makes them great testers and listeners. They'll share what they love, as well as what they, and those in their circle, think you can improve on. This honest feedback helps iron out any rough spots before launching a new product to the general public as well as helps to hone your launch strategy and product-to-market plan. Brand ambassadors can also help protect your reputation in the case of negative comments, defaming news or opinions about your company.

6. A brand ambassador program is cost-effective.

Whether you reward your ambassadors with free products or discounts, brand ambassador programs are still one of the most cost-effective marketing strategies. Payments should be based on results, meaning you only incur costs after you make a new sale or meet another goal.

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Signs your business is ready to start a brand ambassador program:

1 You are confident in your products and services. The best brand ambassadors already use your products and are eager to share them with their audience. Before you jumpstart your word of mouth with a formal brand ambassador program, make sure you iron out all the kinks and provide the highest quality possible – and that you have the capacity to communicate frequently with your brand ambassadors.

2 You have a happy customer base (and some are already sharing your product!). No matter how large your market, having happy and loyal customers shows you're doing something right – and others need to hear about it. In fact, many ambassadors start out as loyal customers who have shared your product with others, without you even asking them to. (Hint: These are the customers who you should look at when creating your brand ambassador program.)

3 You have the resources to create strong marketing campaigns. If you run a brand ambassador program, that isn't a replacement for your entire marketing strategy. While ambassador programs are a great source of content and promotions, brand ambassadors still need something to share. It's important to communicate frequently, maintain a lineup of engaging campaigns, and work with your ambassadors to maximize exposure.

4 You're active on social media. These days, the majority of marketing happens online and through social media – this is the same for brand ambassador programs. When an ambassador shares content about your brand, you want to be present on the platform so they can direct viewers to your business account. It's also a good opportunity to directly engage and answer any audience questions.

Furthermore, brand ambassador programs are highly recommended if your business also meets the following:

✓ You're in a highly competitive industry. Even with the best products, it can be difficult to stand out in a highly competitive industry where it's difficult to differentiate yourself. This is where affiliating yourself with an expert or notable personality can give you that edge you need. Brand ambassadors can help make your product stand out from competitors with their unique perspective and content.

✓ You're targeting a niche audience. While new brand ambassador programs are popping up across all sectors, it can be especially effective if you're targeting a niche audience (i.e., athlete, health-conscious, dietary restriction, senior, etc.) In niches, there are usually a few prominent individuals who stand out and audiences follow. These are the individuals to invite to your brand ambassador program.

✓ You have the capacity to manage your ambassadors. With so many benefits, ambassadors are a great addition to any marketing strategy. However, managing a brand ambassador program does require a bit of extra work depending on the type of brand ambassador program you establish.

Types of Brand Ambassador Programs

Requirement-driven brand ambassador programs

This is what many marketers consider to be an official brand ambassador program. In this type of program, an ambassador must complete certain requirements on behalf of a brand within a specific time frame – say, 10 social media posts a month, or five brand mentions on their personal blog.

This type of ambassador program is very versatile and gives you direct control over your budget.

Plus, brands can use requirement-driven promotions across any industry, and can easily refresh the requirements to fit their overall marketing strategy.

Affiliate brand ambassador programs

Building on the marketing efforts of brand ambassadors, this type of affiliate program aims to ultimately generate purchases. Affiliate brand ambassadors promote products and services on their own platforms (usually social media and personal websites), including a unique affiliate link that attributes the sale back to them.

In exchange, they receive a commission for every completed purchase.

It's common to offer tiered incentives – the more sales an affiliate brand ambassador drives, the higher their commission percentage.

Informal brand ambassador programs

Informal brand ambassador programs are basically an open invite to anyone who loves your brand. With this type of program, there are no signed agreements or requirements. Often, there are no rewards, although some brands offer special incentives to their top-performing ambassadors.

An informal brand ambassador program is great for generating word of mouth and referrals. But without any guidance or structure, it can be hard to track and optimize where your new customers are coming from.

Employee ambassador programs

Employees already know what sets your business apart, are familiar with your products or services, and are committed to your company values. Why not use this to your advantage and recruit employees as your ambassadors?

If you choose to start an employee ambassador program, give your employees the freedom to use their own voice and methods to promote you (as you should with any other ambassador) with some training, guidance and 'best practices' to ensure the skills necessary to do relationship-building in their brand ambassador role. This will ensure that they are authentic in their promotion.

Employees who are proud to work for your company can spread the word about your organization's core company values and their own employee experience.
As a significant percentage of employers say that they use social and professional networks to recruit talent, leveraging your own employees to build interest and pools of the best talent available can be a highly productive recruitment strategy.

Customer ambassador programs

Customer ambassador programs tap into your customers' genuine love for your brand, and equip them to authentically promote it to people who trust them.

These programs can be formal (where your company handpicks ambassadors and trains them to promote you in the long term) or informal (where any customer can join and share your brand with others). This informal version is a more typical customer referral program that rewards your current customers for converting friends and family to your brand. Recruitment can range from targeted invitations to holding a contest to find the next brand ambassador.

Setting up a brand ambassador program in six, easy steps:

1. **Set goals for your brand ambassador program**
2. **Define your ideal brand ambassador**
3. **Determine program criteria and guidelines**
4. **Find and reach out to potential brand ambassadors**
5. **Reward and recognize your brand ambassadors**
6. **Track the progress of your brand ambassador program**

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B2C/End Customer Persona Template

Persona 1	Persona Name: [Insert your primary persona's name here & picture]
Quote	What would they say about your product?
Background & Demographics	[Insert information about a prototypical customer. Age, Profession, Gender, Income, Marital status, etc.]
Identifiers (Psychographics)	[Where are they spending their time? Habits, Interests, Values, Likes, Dislikes]
Goals (Pain Point)	[What drives your persona to action? Why would they be looking for you in the first place?]
Challenges	[What are the major roadblocks getting in the way of your persona reaching their goals? Why would they not buy your product?]
Solution Provided	[Why would someone choose to buy from you?]
What sources do they use to collect information and make decisions?	[Who and what do they go to for information and validation?]

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MARKETING SERIES

B2B/Customer Persona Template

Persona 1	Persona Name: [Insert your primary persona's name here & picture]
Quote	What would they say about your product?
Position Information	[Insert information about a prototypical B2B persona. Title, role in the business & buying process, personal success targets, reporting structure.]
Organization Priorities	[Where are they spending their time? Habits, Interests, Values, Likes, Dislikes]
Goals (Pain Point)	[What drives your persona to action? Why would they be looking for you in the first place?]
Challenges	[What are the major roadblocks getting in the way of your persona reaching their goals? Why would they not buy your product?]
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SALES SERIES

Overview

As a small business owner, if you are not concerned with maximizing sales, your company may not be as profitable as you hope it would be. Without the sale of products or services, a business becomes a hobby or a charitable organization. Your business' sales should not be the sole responsibility of your sales force. Every employee should understand how sales happen and what they can do to favorably impact sales; if a person isn't selling, they may be missing an opportunity to help the company grow and thrive.

Sales come from a variety of sources, and most business leaders have specific strategies for each marketing channel and customer type. When a business owner can efficiently scale sales up without significantly increasing the costs per sale, then the business grows not only in size, but also in ***margin and profitability***. For example, an online sales funnel such as your website could sell products without a sales representative. However, the efficiency of fulfilling the order and the quality of the customer experience is what helps seal the deal. This is important, because sales generate revenue that pays for the virtual storefront, inventory and any marketing expenses that bring prospective customers to the storefront.

Your company's sales reps serve as the point of contact between your business and its prospects or existing customers and have a range of responsibilities including identifying and educating prospective customers while supporting current customers with information and assistance that relates to your products.

Your sales team has the role and responsibility to create a revenue forecast. A revenue forecast, simply put, is a prediction of future sales revenue based upon an understanding of your customers. This projection typically accounts for specific periods, such as monthly, quarterly, or annually. But sales forecasts aren't wild guesses—they're grounded in data. More specifically, they draw from historical sales data and various influencing factors like market trends, economic indicators, and competitive landscape. By knowing your customers and understanding their buyer's journey you can position your product to meet their needs, answer their questions, and

ultimately convert their interest into sales revenue.

The role of revenue forecasting in business is pivotal. By forecasting revenue, companies can make informed decisions about managing cash flow, resource allocation, and future business growth. For small businesses in particular, an accurate revenue forecast can be the compass that guides them through uncertain economic waters, steering them towards success and sustainability.

In summary, sales fuel the engine of business growth, enabling investments in innovation, infrastructure, and talent acquisition. From securing new customers to retaining existing ones, every aspect of business growth and development hinges on the efficacy of sales efforts and revenue generation.

Understanding why sales is important underscores its role in fostering customer relationships and satisfaction. Effective sales strategies go beyond mere transactions; they aim to establish lasting connections with customers by addressing their needs and delivering value. By prioritizing customer-centric approaches, businesses can enhance brand loyalty, generate positive word-of-mouth referrals, and cultivate a loyal customer base. Ultimately, the ability to consistently meet and exceed customer expectations is paramount to sustaining long-term success in any business.

In addition to driving revenue and nurturing customer relationships, another reason why sales is important lies in its contribution to market expansion and penetration. Through strategic sales initiatives, businesses can identify new opportunities, tap into unexplored market segments, and diversify their revenue streams. By leveraging market insights and consumer trends, sales teams can position products or services effectively, gain a competitive edge in saturated markets and capitalize on emerging niches.

From revenue generation and customer engagement to market expansion and organizational innovation, sales permeates every aspect of business operations. Sales success fosters a culture of collaboration, accountability, and performance excellence, uniting cross-functional teams toward common goals. By understanding why sales are important and embracing a customer-centric mindset, organizations can unlock new growth opportunities, build enduring relationships, and thrive amidst uncertainty. Embracing a strategic approach to sales not only drives immediate results but also lays the foundation for sustainability and success in the years to come.

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SALES SERIES

Revenue Forecasting

Why is this important?

There are a number of benefits to forecasting your revenue. Just like with strategic planning, financial modeling, business operations and organizational development, revenue forecasting is all about managing your cash flow and preparing your company for whatever the future holds so that you're not caught by surprise and can make the best decisions to grow your business. For greater clarity, revenue is the money a business earns from the sale of its products and services. Cash flow is the net amount of cash being transferred into and out of a company. Revenue provides a measure of the effectiveness of a company's sales and marketing, whereas cash flow is more of a liquidity indicator.

There are a few key reasons why you should forecast revenue including building a realistic budget for your business when it's likely that your revenue varies each month. Your future revenue can fluctuate depending on how much you sell, and the overall market conditions which can make it difficult to budget for operating expenses like marketing and promotion, or new expenses like hiring employees.

Revenue forecasting helps bridge that gap, particularly for operating expenses. Your forecast gives you an estimate of how much revenue you'll generate over the next few months, or the entire year. This will allow you to know how much you can budget for sales promotions, new hires, software, and other expenses that change over time.

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Revenue Forecasting

Revenue forecasting is the process of estimating what your revenue will be over a specific time period—typically quarterly or annually—based on your business' historical and current performance. For instance, if you want to know how much revenue you'll generate next month, next quarter, or next year, a revenue forecast will show you where you're headed at your current pace. A revenue forecast is not a guess, which is why it's vital to use data to build your forecast.

Revenue Projection vs. Forecasting

While some people use the terms "revenue projection" and "revenue forecast" interchangeably, they're not quite the same thing. Let's start with definitions:

Forecast: A revenue forecast is based on the responsible party's assumptions reflecting the conditions it expects to exist and the course of action it expects to take.

Projection: Prospective financial statements that present, to the best of the responsible party's knowledge and belief, given one or more hypothetical assumptions, an entity's expected financial position, results of operations, and cash flows.

Essentially, the main difference is revenue projections account for hypothetical scenarios that may or may not happen. A revenue forecast says "this is how much revenue we expect to generate based on our current conditions." A revenue projection says "this is how much revenue we project if X happens, and here's how much we project if Y happens."

Revenue Forecasting Models and Tools

One of the most important steps in revenue forecasting is to define the assumptions that will guide your calculations. These are the factors that affect your revenue, such as your pricing, sales volume, conversion rate, customer retention, market share, and growth rate. You need to base your assumptions on reliable data, such as your historical sales, industry benchmarks, customer feedback, and market research. You also need to make sure that your assumptions are realistic and measurable, meaning that they reflect the current and expected conditions of your market and that you can track and measure them over time.

Depending upon your industry, size and complexity you may need to create a forecasting spreadsheet that can include different scenarios, variables and data points. Developing a forecast from different revenue viewpoints such as sales by customer, by product or by season will enable you to more accurately align revenue goals with sales and marketing strategies. A forecast model can be simple or extremely detailed. It is important that your model is able to include actual sales revenue and be adjusted as conditions change.

Bottom-Up Forecasting Model

Bottom-up forecasting is very detailed and uses product and customer data to forecast revenue. It involves taking historical and current sales information and setting targets for each key component in your revenue stream. For instance, you own a specialty food products business with multiple products that you sell direct to consumers on your website and to wholesale accounts. With a bottom-up forecast model, you look at your sales in each channel and create a model that includes different assumptions such as sales to repeat customers, new customer acquisition sales, or sales generated from targeted marketing campaigns and promotions.

For the wholesale customers you could create a detailed model for your top customers that includes a revenue plan for each of them by product. You may also want to model out details such as the effect of adding an additional delivery day, introducing a new product or a price increase. A detailed bottom-up forecast could also start by modeling out detailed sales by product - how many you plan to sell and to whom. A bottom-up forecast is generally higher in accuracy and should align with your strategic business plan as it is based on business drivers such as the capacity of your sales team, proposed marketing spend, or identified new product launch. With a detailed model, you are better able to validate the reasonableness and success of growth projections.

Top-Down Forecasting Model

As the name implies, a top-down forecast is the opposite of the bottoms-up approach. Instead of starting from detailed drivers, you begin with a macro view of your business and industry and work down to revenue.

With this method, you'll start by looking at the total market opportunity and the size of your industry's category. Next, you'll calculate your potential market share. Then you'll use that figure to forecast your potential revenue.

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Straight-Line Forecasting Model

Straight-line forecasting is the simplest model. Straight-line forecasts assume that your revenue will continue to grow at the same rate it has historically. If your revenue has grown 15% for each of the past two years, the straight-line forecast method assumes that same growth rate for the current year.

While this method is arguably the easiest approach, it may not always be the most accurate. As the saying goes, "past performance is not indicative of future results." Meaning that just because you've historically achieved a 15% growth rate, you can't always assume that growth rate won't drastically change next year. Still, the straight-line forecasting method gives you a good foundation to build upon.

Revenue forecasting is not a one-time activity, but a continuous process that requires constant monitoring and revision. You need to update your forecast regularly to reflect the changes in your business environment, such as new opportunities, threats, or trends. You also need to compare your forecast with your actual results to see how accurate your predictions are and what factors are causing the gaps. By updating your forecast regularly, you can identify and correct any errors, adjust your assumptions, and improve your accuracy and reliability.

Revenue Forecasting Guides Business Decisions and Engages Your Team

Revenue forecasting is not only a way to estimate your future income, but also a tool to help you make better decisions for your business. You can use your forecast to set your targets, allocate your resources, evaluate your performance, and identify your strengths and weaknesses. You can also use your forecast to test different scenarios and strategies, such as launching a new product, expanding to a new market, or changing your pricing. By using your forecast to guide your decisions, you can optimize your revenue potential and gain a competitive edge.

Revenue forecasting is not only a task for you as the owner or manager of your business, but also a collaborative effort that involves your team. Share your forecast with your team members, especially those who are responsible for generating or influencing revenue, such as your sales, marketing, and customer service staff. Communicate your assumptions, goals, and expectations clearly and get their input and feedback. You also need to align your forecast with your team's incentives, rewards, and recognition. By sharing your forecast with your team, you can increase their engagement, motivation, and accountability.

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SALES SERIES

The Buyer's Journey

Why is this important?

In today's competitive marketplace, knowing your customer and understanding their path to purchase is critical to long-term success. The buyer's journey provides a way to understand the needs and questions of customers who are looking for a solution to a problem that your product can address. A buyer who is just starting to realize they have a pain point requires very different information than a buyer who is ready to make a purchase decision.

A clear understanding of the buyer's journey informs your sales process and marketing strategy. It clarifies the message you share, the medium you use, and the goals you set. It focuses your sales and marketing activities toward converting your ideal customer into a sale and building trust and loyalty with them. When you know the different desires and problems your customers experience at each stage of the journey, and the factors influencing their thinking, you can create content and strategies that meet their needs or answer their questions, positioning your product as the solution they seek.

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It used to be easy to acquire a customer, assure them that your product is the best on the market and push for the sale. Not anymore. The online search has changed everything. Thanks to the vast amount of information available at the touch of a finger, today's buyer is more informed than ever before.

With the exception of impulse buys, most customers spend time learning more about a product or service and consider or evaluate various options (often checking online reviews) before making their decision to buy a new product or service. The path to purchase is called the buyer's journey, and it encompasses every step that a potential customer takes in the process of choosing whether to purchase from you or not. Depending upon the complexity of the product or service, the buyer's journey could take minutes, hours, or months to complete.

Knowing your customer and understanding where they are in the buyer's journey is key to turning a customer need or want into sales success. By providing value and information at every stage of the process, you are able to nurture prospective customers from unaware to activation in their journey, and if done right, to a final decision to purchase from you. It is an important sales success formula: GIVE your buyer exactly what they need + WHEN they need it = Conversion to SALE.

What are the Stages of the Buyer's Journey?

The buyer's journey is an active and engaged process that buyers go through to become aware, evaluate, and purchase a new product or service. During each stage, the customer will want answers to a different set of questions. The buyer's journey can be broken down into three stages:

1. **Awareness (Researching):** The buyer becomes aware that they have a problem.
2. **Consideration (Evaluating):** The buyer defines their problem and considers options to solve it. The buyer learns about a product or service such as its' features/ attributes and benefits respective to their problem.
3. **Decision (Choosing):** The buyer decides on the right solution to the problem and commits to purchase.

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AWARENESS:
At this point, the buyer is realizing they have a specific want or need. It is a stage of discovery and clarification. Your target customer is looking broadly for general information and resources to more clearly understand, frame and name their problem. They won't necessarily be looking for solutions at this point in time but they are looking for more information about the problem they are experiencing. Along the way, they are learning what questions to ask and starting to give form and shape to their problem and possible solutions.

Most sales and marketing strategies fail to adequately address this stage of the buyer's journey. If you can meet a potential buyer at this step in their journey, you have the greatest chance of traveling with them all the way to the final purchase. Your primary objective at this stage is to let them know you understand their particular problem. Messaging needs to be interesting and relevant and it must let them know that you see them, and are with them, in the pain of the problem. Look to meet them here with education or entertainment that explains, highlights or magnifies their issue in a way that lets them know you "get it". You are not trying to sell them anything or push your product as the solution, as they are not ready to hear this yet. The sales and marketing focus is on symptoms, bringing them to light, offering explanations and diagnosis, and helping buyers see the solutions they might consider.

At this stage, buyers probably don't know that you exist, or that they may want your product further down the road. Drawing target customers into your sales funnel as leads is important. Creating content to directly address the questions they are looking to answer is an essential element in sales conversion. Search Engine Optimization (SEO), long-tail keywords, blog posts, webinars, videos and guides are all useful marketing tools for this stage of the buyer's journey.

CONSIDERATION:
At this stage, the buyer has spent time on initial research, understands their pain point and has an idea of how to solve it. They are ready to move into researching and evaluating the solutions that exist. Learning about the products or services that companies offer to address their problem, and understanding the advantages and disadvantages of each, is their primary pursuit.

Your goal at this stage is to describe your solution and explain why it is best for them by educating them. To successfully do this, you must understand the marketplace and your competitors. You need to be clear about what makes your product or service different and sets it apart from all other options available. Your messaging needs to provide facts, be informative, and helpful. You need to highlight your solution and how it meets their specific needs. Too often, companies oversell their product at this stage and turn content into advertising. Buyers are not ready to be sold at this stage, they are still gathering information. It is important that you earn their trust by providing them just what they need and not pushing for a sale.

Regular engagement at this stage is essential to sales success. You have captured their attention and need to stay front and center with relevant, timely communication about topics that both reinforce their awareness of the problem and continue to separate your solution from the rest of the options they have. Email marketing, social media, comparison whitepapers, case studies and product feature videos are appropriate marketing actions for this stage of the buyer's journey.

DECISION:

The prospective buyer is informed and ready to make a decision on a final solution. Evaluating a company's performance and background, learning more about how a product works in actual use, and figuring out what it might look like if they choose to move forward purchasing from your company are steps they are taking now. They need to have confidence in your company and product and trust that this decision is right for them.

In this final stage, you must convince the buyer that your company is the best. You need to address any objections or concerns they might have and ensure that the final steps to close the sale are seamless and easy to execute. This is the time for offering an in-depth guide, exclusive offer, free trial or live demo to potential buyers. Customer testimonials and reviews become important as well as the "who we are" and FAQ pages on your website. Make sure that the order process on your website or with your sales team is quick and does not include any potential last minute objections that could derail the sale. Actions that deliver compelling win/win proposals are essential at this stage of the buyer's journey.

Create Your Plan

Understanding your ideal customers buyer's journey is one of the first steps in designing an effective sales and marketing plan. Knowing who your target customers are, what pain points they have, the questions they will ask, what influences and motivates them, and how you compare to competitors are important in developing a successful plan. When you are able to develop content and meet your customers where they are in the buyer's journey, you will improve your sales conversion rate and create an engaged and loyal customer base.

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BUYER'S JOURNEY	SALES FUNNEL	SALES PROCESS	MARKETING TOOLS
Awareness & Discovery: I have a Pain Point/Problem ***NEED:*** solve a problem ***WANT:*** replace something else	***Prospecting:*** Identifying customers and opportunities	***Know Your Customer:*** • Create ideal customer list from identified personas • Identify where and how you can connect with them • Know the issues and pain points that target customers are hoping to solve	***Focus on problem: explain symptom & offer diagnosis*** • SEO search, buzz • Targeted website landing pages • Blog posts • eBooks, Whitepapers, Checklists, or Guides • Infographics • Webinars • Slide shares • Videos
Consideration: What are my options	***Cultivating:*** Building relationships & uncovering needs ***Positioning:*** Demonstrating value and a solution	• Qualify customer (can we address their pain point?) • Overcome objections • Provide more specific product information • Position against competition • Invitation to demo or try • Education	***Focus on how you help them solve the problem*** • Email marketing • User reviews • Social networks • More specific and technical blog posts • Comparison whitepapers or eBooks • Webinars • Product Feature Videos • Email Opt-In for newsletter
Decision: Having confidence & trust	***Closing:*** Delivering a compelling win/win proposal	• Clear call to action • Easy to execute • Acknowledge and thank • Available to help with any additional concerns or questions • Provide further info about benefits (avoid buyer's remorse) • Ensure product is as expected (or better)	***Focus on why you are the best solution*** • Blog posts • Email marketing • Documented Success Stories, Case Studies, or Testimonials • Vendor, product, or pricing comparison documents • Live demonstrations or consultations • Free product trials • "About" or "Our Story" Website Pages

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