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New Year's Checklist

By Rich Eichacker
Vibrance Technology Corporation

As the New Year approaches, I'd like to suggest a checklist for 2003; a list of items that will make your computing life a lot easier.

Anti-Virus Software. If you are still running the trial version of the anti-virus software that came with your PC, you should upgrade it ASAP. Remember to keep your virus definitions up to date. Norton AntiVirus is a popular program that automatically updates definitions via the web.

Email Filtering. A good email filter will not only reduce the amount of spam you receive, but it may also catch a virus before it is downloaded from your service provider. I've been using MailWasher and recommend it highly. My favorite feature allows me to bounce spam back to the sender, making it look like my email address is invalid. A number of other filtering programs exist, including Inbox Protector and Spam Killer.

Firewall. No matter how you connect to the internet, you're susceptible to hackers. Most DSL/Cable modems and Ethernet switches employ hardware firewalls. Make sure yours does. If you have dial-up access or would like extra protection, you may want to install a software firewall protector like ZoneAlarm or BlackICE Defender.

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Tips for Keeping Your Audience's Attention

By Heather C. Conover
Conover & Company Communications, Inc.

Whether presenting a paper at a professional meeting, a proposal to a prospective client, or a plan to your colleagues, the presenter wants to capture his or her audience's attention, keep their attention, and move them to some sort of action or opinion.

How does one do this effectively? With information so readily available on the Internet, it's easy to fill a presentation with lots of facts and figures. But are these of interest to your audience? Maybe. But, just because something is of interest to you, the presenter, is no guarantee that it will be of interest to your audience.

Think of your presentation as taking your audience with you on a journey. Put yourself in the audience's position. If you were sitting in the audience, what questions would you ask? What information would you want from the presenter? While there are a number of techniques that help in formulating the content of a presentation, the method used by news writers to decide if a story is newsworthy is very effective. News writers look at values. Values are always relative to your audience. In other words, you may find something very relevant to you, but it may not have any particular significance to your audience.

The values that news writers consider are timeliness, proximity, impact, prominence, conflict, currency, human interest, and the bizarre. All of these things give information some value to the audience.

- Timeliness – How new is what you are talking about? When did it happen?
- Proximity – How close is the story to your audience? Establishing a bond with your audience very early in your presentation is important.
- Impact – How many people does your subject matter affect?
- Prominence – Is someone famous involved?
- Conflict – Is there a fight, a disagreement, or a controversy surrounding your topic?
- Currency – A subject with currency is something people are talking about today. For example, the economy has currency because of its fragile state. The war on terrorism, Iraq, and the Middle East also have currency.
- Human Interest – Does your topic appeal to the emotions, and pluck at the heartstrings?
- Bizarre – Is the story so unusual that it is a curiosity?

Take the time to know your audience. Considering these values *in relation to your audience* is a good start to creating a presentation that will hold your audience's attention.

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Ways to Reduce Errors and Rework – Part I

By Tom McBride

Partners for Creative Solutions, Inc.

Customer demand for quality has continued to increase over the last several years. Pressure from emerging countries and knowledge provided by quality gurus like Deming, Juran, and Crosby have all contributed to this quality revolution. However, a large number of organizations still have not mastered the ability to eliminate errors without increasing costs, and often the problem lies not in how hard they try but in how they go about it.

Companies that still consider quality to be an additive function instead of integrating the attainment of quality into their processes will continue to fall behind.

While totally eliminating errors on a sustained basis is difficult, taking measures to ensure top quality at each discrete step (or source) will reduce errors and their cost and impact on your business. Methods of achieving source quality fall into two

broad categories, *early detection* and *prevention*. This article focuses on early detection, and we will continue with preventive measures in our next issue.

Early detection – It is clear that an error detected early in a multi-step process will cause less disruption, cost, and impact on schedule than one found several steps down stream. We must continue to reduce our reliance on final inspection. While it may keep errors from reaching customers, it does little to prevent them or to reduce the cost of producing good quality.

Here are some practical ways to detect errors early.

- Require workers to verify the quality of their own work. This approach is cost effective and places responsibility for quality on those performing each step. With proper training and tools most workers should be able to detect a large percentage of errors.
- Likewise, place strict quality requirements on vendors.
- Build “buddy” checks into your system. First, each worker self-checks his or her own work. Then, the next worker in the process checks the incoming work prior to performing his own step. This independent check will catch many errors missed during self-checks.
- Reduce batch sizes. Instead of processing several items before passing them on to the next step, transfer smaller batches to allow the buddy checks to catch errors earlier. Fewer defects will be produced before realizing there is a problem.
- Place process steps as close together as possible. This enhances communications between workers, makes buddy checks more effective, and makes transferring work in smaller batches more feasible.

Applying these straightforward techniques to capture “low hanging fruit” will set the stage for more sophisticated *prevention* techniques. You should be able to reduce quality costs quite rapidly and reduce the need to rely on final inspection.

New Year's Checklist

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UPS (Uninterruptible Power Supply). I purchased a UPS a number of years ago after a power outage resulted in the loss of over an hour's worth of edits. Now I'm able to work through brownouts and dips, as well as being able to safely shut down during total power failures. Check out APC for a number of affordable UPSs. I recommend getting one for each computer you own.

Regular Backups. The most important item on the wish list is, unfortunately, the one that is most neglected: backups. Despite all the protections available to keep the outside world at bay, the simplest way to ruin your day is to overwrite or delete an important file. A backup will not only let you recover files after simple human errors, it will enable you to recover all your data should your disk drive crash or if a virus wipes out your system.

I've been using an Echo drive from OnStream for the past couple years. Sony, HP, Seagate, and others also manufacture quality backup drives.

Follow these simple steps for backups:

1. Do an incremental backup every or every other day.
2. Perform a weekly or bi-weekly full backup (“full” means *everything* on your computer or network).
3. Every 6 months, archive a full backup by storing it in a safe off-site location. Do not reuse archived backups! They will enable you to recover files that you don't yet know you've lost!

If you've already addressed these items, you're in good shape. If you haven't, then make this the year to implement them.

I wish you all the best in the coming New Year.

Please visit ProductivityReports.com for web site links.

Strategic Planning in the Family Business

By John A. Haas, Ph.D.
Management Strategies Group

We know that a low percentage of family-run businesses “make it” to the second generation (about 35%), and even lower percentage (< 20%) survive to the third. While there are many business and family relationship reasons behind these data, good planning can certainly help raise the odds for successful succession.

Family Strategic Planning

Assuming the desire to retain family ownership, the enlightened family leader will assure that a family strategic plan is developed, and will consider succession well before it becomes necessary.

This is often best achieved at a family business retreat, held outside normal business hours, with both active and relevant inactive family members attending. It often involves difficult conversations due to multiple agendas and goals among family members. Outcomes could include:

- A statement of family values

(relative importance of business and family)

- Personal and professional goals of family members, including interest in active management
- An articulated and agreed vision for the family and business
- Decisions about how to handle compensation, benefits and performance evaluation
- Identifying potential successors and structuring individual development plans for each
- Documenting your intentions regarding ownership and succession in an estate plan
- Preparing a letter of instructions about immediate transition “if I’m hit by a bus.”

Business Strategic Planning

This involves analyzing the business in its current and projected environment. Elements include:

- Assessing internal operations and external (e.g. technology, economy) forces that affect the business
- Analyzing the current strengths and weaknesses of the organization structure, culture and available resources (financial, human and technical).

- Listing opportunities (growth, new markets, new products, changes in regulations) and threats (competition, shortage of raw materials, price cutting) to the business
- With both family and other key managers, articulating the business mission, long-term objectives, strategies for getting there and action steps to implement the strategy, including budgets and accountability assignments.
- Structuring and staffing the organization with an appropriate mix of managers with outside experience (who can both lead and mentor) and possible successor family members.

The key to successfully developing, implementing and monitoring family and business plans is open and frequent communication within both the family and business systems.

Some of these ideas are further developed, and many other useful resources are available at: mysmallbizportal.com.

Back to Financial Disciplines - Cost Controls

By Sandra LeDuc, CPA, CVA
LeDuc and Sikowitz

My article last month gave a summary of the budgeting process. It included what seems, in retrospect, like the rather cavalier suggestion that once all the sales and cost information was gathered you had only to “assemble it all and massage the result until it meets management’s profit and cash flow objectives”.

It was not my intention to imply that this was a simple matter. In today’s environment business leaders are squeezed between competitive pressure on pricing and ever-rising costs. Profit must be ensured to guarantee the continued willingness of investors and additional capital for growth. Only one thing will reconcile all these needs—costs must be eliminated.

This exercise must challenge every established process regardless of its past effectiveness. If we look to the notion of “lean” business practices currently being established through reengineering, we find businesses today are aimed at eliminating every scrap of waste in every business process.

An obvious example of such waste is found in the extraordinary cost of carrying inventory. Practices developed in Japan such as just-in-time inventory methods are employed specifically for the purpose of eliminating such waste. Many of these practices translate to professional service practices as well. Likewise, a retailer such as Walmart uses these methods to push inventory responsibility back to the manufacturer.

Technology has made these practices possible through the free flow of information. Inventory software is able to predict inventory needs based on sales and supply information. Walmart uses technology to gather data and

inform suppliers of expected movement of inventory.

Strengthening purchasing and receiving positions and the information flowing from those areas can allow the accounting system to pay vendors from receiving information matched to purchasing terms, thereby eliminating the need for invoices and extra paper shuffling. Something as simple as direct deposit of payroll effectively saves steps in the accounting department.

Internal email for enterprise-wide communication; the use of the Internet to send payments to vendors eliminating the cost of processing checks or to receive payment from customers eliminating the cost of making deposits and Internet banking to eliminate some accounting processes are all examples of technology that can eliminate waste.

Look in every area of your business. Build your technology. Challenge what you “know”.

Easy? No! Imperative? Yes!

Quick! Look Here to Save Taxes

By Eileen Schwartz, ChFC
President, E. S. Schwartz and Company, Inc.

We all get busy at this time of year planning for holidays. As entrepreneurs and business owners, we should also be planning to save taxes. Decisions that we make now can result in big savings next April fifteenth. IT'S NOT TOO LATE! One big source of tax savings can be contributions into a qualified retirement plan. Simply signing some forms now can give you the option of making a retirement contribution when you file your taxes. If you have considered setting up a retirement plan in the past and decided against it, look again. New federal regulations allow bigger contributions, greater tax savings and easier, less expensive administration.

Business owners have always liked profit sharing plans because they allow flexibility in the amount of annual contributions. Each year, contributions can be increased,

decreased or skipped entirely depending on business conditions. In the past, contributions to profit sharing plans were limited to 15% of payroll. In order to maximize pension benefits it was necessary to also have a 10% pension plan.

The result was two plans with two sets of administrative costs.

The new regulations increased contributions to profit sharing plans to 25% of payroll. Now, a profit sharing plan alone can provide the same benefits that required two plans in the past. The result is more flexibility and lower administrative costs.

For companies with existing retirement plans, this December is especially important. Prior to 12/31/02, all existing retirement plans must be revised to comply with provisions of the Federal GUST and EGTRRA amendments. When revising your

plan, examine the opportunities to make your plan more effective. Companies with existing pension plans can roll them into profit sharing plans and eliminate the cost of having two plans, while creating more flexibility in contribution amounts.

The list of available retirement plan tools goes beyond profit sharing plans. Defined benefit plans, 401(k) plans, and one-person plans give the business owners more choices and opportunities to save taxes and build retirement savings. If you get too wrapped up in the holidays to take action before December thirty-first, don't despair. There may still be tax-saving strategies, like IRAs and SEP IRAs available up until the time that you file your tax returns. Contact your financial professional to investigate your choices.

Guest Column

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