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Incentive to Use Incentives

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

Employers seek people who will be productive contributors and "team players." Most employees seek meaningful work, recognition for contributions and a work environment in which they can thrive.

Reward Systems

While there may be more compelling reasons to join your organization (e.g. growth potential, equity participation, etc.) prospective employees will expect at least a reasonable base salary. Of course, if salary is the only form of compensation, even with occasional bonuses possible, an even more attractive base will be required. Increasingly, employees place great value on benefits as well.

Obviously, base salaries are fixed costs, which an employer is obligated to pay regardless of results achieved. Further, employees expect at least "cost of living" adjustments from time to time. As salaries increase over time, their cost impact is compounded (e.g. 3% this year on top of 3% last year, etc.). And, over and above rapidly increasing health insurance costs, some benefits are related to salary levels, which increase their costs as well.

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Laptop Security

By Rich Eichacker
Vibrance Technology Corporation

Have you considered all the important data that resides on your laptop: client lists, client data, personal information, financial data? What if your laptop was lost or stolen? Would the crooks have free access to all that data?

There are a number of ways to secure your laptop. These include software encryption programs and hardware "keys".

USB Keys

USB keys provide security by creating a hard drive in Windows that is only visible when the key is in the USB port. The secure drive is actually a large file that is encrypted with a password you supply during installation. When the key is inserted into the port, the file is un-encrypted and mounted as a new hard drive. While the drive is activated, you can work with your files normally: editing, copying, deleting, etc. The encryption/decryption process is fast and does not noticeably degrade performance. When you are ready to travel with your laptop, simply unplug the key and the secure drive disappears. Keep the key in a safe place (not the laptop case) until you are ready to access the data again.

I tested 2 USB keys: the "Kanguru Wizard" and "The Saint". Both work as described above. The Kanguru Wizard cost around \$50 and was a little problematic to use: it was slow to boot and during setup it moved a couple of my desktop icons into the secure drive, which meant that they disappeared when I removed the key. It also limited the size of the secure drive to 2GB. The Saint was about \$20, booted quickly with no problems, and supported a secure drive of 4GB. For these reasons, I can recommend The Saint over the Kanguru Wizard.

CryptCard

The CryptCard is a sophisticated solution that not only secures sensitive data, but the entire hard drive, including Windows. In fact, the card must be in a PCMCIA slot for the laptop to even boot up. It can also restrict access to the floppy and CD drives, as well as the serial port.

SafeBoot

SafeBoot is a software-based solution similar in features to the CryptCard. It enforces a boot-up password as well as encrypting the entire hard drive. SafeBoot can also secure PDAs, CDs, and digital memory cards.

In conclusion, if you are concerned about the data on your laptop, then a security device is a must. I found the USB devices inexpensive and relatively easy to use. In the case of both the CryptCard and SafeBoot, I was not able to find pricing on-line, which leads me to believe that in addition to being more comprehensive, they are also a lot more expensive.

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When Being Last is First (or Less is More)

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

In New England we experience very short summers, this summer was certainly no exception. For many smaller companies, summer means putting sales and marketing activities on hold until the fall. Now that September is here, many firms are facing the last few months of their fiscal year and the need to improve qualified lead generation and increase sales to better ensure that target goals are met for the year.

One of the easiest and quickest activities starts with brushing the dust off your rolodex (or turning on your PDA): looking for meetings, conferences and trade shows to attend: and restarting your

networking. Although more sales leads may come through cold calling, many companies have found that when the lead comes through networking or a referral, the size of their contracts are larger, the sales process is faster, and they are not competing against other vendors.

Begin by calling your A list, namely current and former clients and prospects, and others that might be able to refer business to you. With people having so many demands on their time, it's important to stay in touch with these contacts on a regular basis. In fact, communicating with them every month is a good idea. Otherwise, one of your

competitor's is likely to be top of mind when your service is needed. As one colleague recently said to me, "The last in often ends up in first place."

Clearly if you telephone every month with nothing new to say or offer, you can become a nuisance. Hence, varying your means of communication is vital. In addition to phone calls, activities such as e-mails, letters, newsletters, direct mail, attendance at conferences, and other face-to-face meetings are all beneficial means of holding the "last in" title. It's also useful to provide your prospects with information or an idea that may be useful to them, such as an article, case study, or white paper you've written. You might also invite them to a free webinar or seminar in which you can showcase your experience and expertise.

Of course, this assumes that you have already defined your ideal customer. If not, you can be wasting your time networking with the wrong people at the wrong places or getting the wrong type of referrals from your colleagues. If you don't know the type of company or person that can best help your company grow, take the time to list your best and worst clients. Then analyze the list to identify common needs, wants, and other characteristics.

For example, is there a particular industry, size of company, growth stage, or geographic region that defines your best customers? Do you deal with the CEO or a department head? If you are selling to individual consumers, what age(s), sex, marital status, income, interests, and other pertinent characteristics describe your best customers? In looking at your past sales history, are there any seasonal or other trends that have affected your sales?

Finally, refine your existing list. While being last in may mean coming in first, amassing the most business cards is most likely to mean having the fewest real prospects.

Incentive to Use Incentives

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Why lock yourself into these escalating fixed costs?

Performance-Based Incentives

The alternative is to offer reasonable but conservative base salaries, with a meaningful variable component based on achievement of business goals. Incentive plans can involve all or a limited population of employees, whose pay will be determined by individual, team and organization-wide results achieved vs. goals. Incentives are paid from profits, so this becomes a key measure and goal.

To be meaningful, exciting and reasonable, incentive plans share the following characteristics:

- Measures are relevant, credible, objective and limited to 4 or 5.
- Participants understand how they can influence outcomes through individual and team efforts.
- Participants propose performance targets, weights and even the measures themselves. This encourages "ownership."
- Participants understand how the incentive plan works.

Sources of Resistance

- Among the reasons some employers are reluctant to move toward incentives are:
- Questions about appropriate levels of base salary and target incentives.
- Fear of overpaying participants or rewarding the wrong results.
- Fear of setting undesirable precedents.
- Concern that they will be "locked in" to the incentive design.
- Failure to see incentives as a natural extension of your business planning and budgeting processes.
- Questions about which positions to include and how to reward others.

The key is to decide that the concept of variable pay indeed makes fundamental sense. To gain a greater comfort level, reserve the right to review and improve the incentive plan at the conclusion of each performance period.

Tax Benefits of Charitable Contributions

By Sandra LeDuc, CPA, CVA
LeDuc and Sikowitz

As the year progresses tax planning should be on your calendar. The discussion of charitable contributions will undoubtedly be part of that planning. Giving is rarely motivated purely by tax considerations but the tax benefits are an attractive by-product.

If large gifts are contemplated over a lifetime but funding is available today and deductions are important now, one might consider whether a charitable trust or foundation is appropriate. This option could result in a current deduction that will fund contributions in the future. This kind of commitment should be part of estate planning as well as income tax strategy.

One popular tactic is to make a gift of appreciated property to one's favorite charity. Gifts of non-business, appreciated property held

at least one year will result in a charitable deduction equal to the fair market value of the property. For instance, a gift of appreciated stock will result in a deduction for the appreciated value without your being required to report the capital gain.

Many charities are offering to tow your inoperative automobile from your driveway affording you a charitable deduction for the value of the car. This has been an over-used and abused approach to tax savings. The IRS has recently sought to limit the deduction to the amount the charity is able to get for the sale of that automobile. When compared to the Kelly Blue Book value or whatever other value was being used, these new regulations will make this option far less compelling.

For those of you who, in your travels, have collected a box full of European

currencies which have since been discontinued in favor of the Euro, the New England String Ensemble has developed a program - *Note for Note* - whereby you donate those banknotes to the Ensemble. They will determine which still have value and work with local and foreign banks to get them converted to US dollars for their use. For those that are still trading, you get the charitable deduction for the value of the currency on the day of the donation. This is an example of how resourceful charities have become in these leaner times.

If you need information regarding 501 (c) (3) status of charities and opportunities for cash, time or in-kind donations, visit the website <http://www.networkforgood.org/>.

Six Reasons Improvement Efforts Fail

By Tom McBride
Partners for Creative Solutions, Inc.

In this rapidly changing global environment it is increasingly important that businesses constantly improve the processes they use to serve customers. A vast number of organizations have achieved dramatic improvements using philosophies like Lean Thinking and Six Sigma, while others have failed. Here are six mistakes to avoid when undertaking any improvement program.

Failing to motivate the organization

– Leaders at every level must clearly communicate why change is needed, how the process will work, and how it will impact employees. Leaders must also demonstrate their commitment to the improvement process and establish expectations for everyone in the organization. Motivating workers to provide their best ideas and efforts will set the stage for success.

Lack of visible leadership – Nothing will stall a project faster than the feeling that it is not worthy of management's attention. Effective

leadership requires more than just voicing support or managing from afar. It means frequently displaying an interest in how things are progressing and giving feedback. It could include frequent visits to the improvement site or taking a more active role, such as leading an improvement team. Showing genuine interest will motivate and encourage those carrying out the process.

Insufficient training – Employees at all levels need training to help promote a new awareness, develop new skills, and encourage new habits. Without adequate training, employees will not be equipped to provide their best contributions. I generally recommend overview training for all employees in early stages, followed by more thorough training as it is needed.

Not having improvement experts – Improvement experts help teams and individuals produce superior results.

Either outside consultants or internal "gurus" can be effective; however, outsiders will not be distracted by other duties and will provide a fresh, independent perspective.

Poor focus – Resist the temptation to introduce change too fast. Too many improvement activities at once will strain resources and stall progress on everything. It is much better to first focus on two or three projects that are critical to success of the business and begin others once the critical few are complete.

Not making improvement part of job expectations – Everyone needs to accept improvement as an integral part of their job and not as an "add on" activity to be done as time allows.

Avoiding the above mistakes will boost the yield from your improvement efforts.

All About Image

By Lynne Damianos
Damianos Photography

When looking at a brochure or Web site, what catches your eye first? Usually the photographs, right? There is a reason for the expression "a picture is worth a thousand words."

An effective photograph:

- Attracts attention
- Creates a positive response
- Shows style (traditional, edgy, fun)
- Evokes a reaction
- Creates a desire to learn more
- Gives brand recognition
- Communicates a company's image

Depending on subject, the photo will:

- Highlight product quality
- Feature technical specifications
- Showcase a company's facilities or personnel
- Identify a reason to use a product or service
- Introduce an individual or team
- Promote a new concept

Often I hear, "I'll do it myself with my digital camera. The photograph will

only be one inch high on our Web site. Quality doesn't matter . . ." Nothing is further from the truth.

A photograph is often the first impression someone has of a company. An inferior photograph makes a company look

inexperienced, or even cheap. To create a favorable impression, a

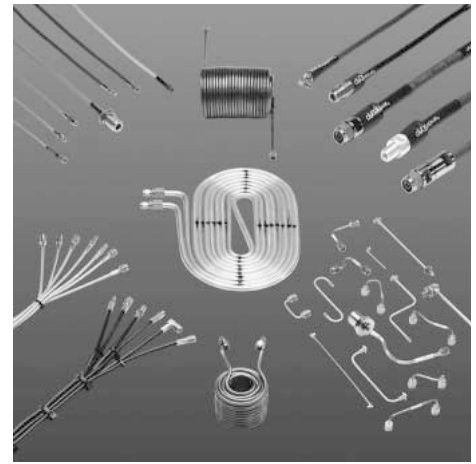
photo needs to do more than just document something – it needs to "sing." A poor visual

indicates that a company does not value quality. Would you want to do business with a firm that cuts corners with their own image?

Consider photography an investment worth its weight in gold. For its space, a photograph can provide more information than text or audible message. Since 55% of human beings learn visually, photographs reach more people.

Hiring a professional photographer may at first seem expensive.

However, consider that a professional has the appropriate tools and



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expertise to do the best possible job in the shortest timeframe. That's why I hired a roofer to replace my old roof – I was confident I'd get the results I needed. If I tried the roof work myself, I'd have spent too much of my precious time with a less than professional result.

What is your time worth? Have you ever regretted choosing a specialist? I doubt it. A professional does it right the first time, saving you time and money (not to mention stress). How is your company perceived? Dollar for dollar, using a professional for photography is a smart move. High quality photography means an improved company image, which can translate into more sales.

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