

# THE DONALD COOPER CORPORATION

Speaking and coaching internationally on management, marketing and profitability



## Management tool #B-29:©

### 16 Tips to improve management effectiveness in your business:

**This 'Biz Tip' starts with a rant...sorry.**

**Don't count on your outside Accounting Firm for the management advice you need.** As the owner or manager of a small or medium sized business, you will likely **not** get the management advice you need from your outside Accounting Firm. What you'll most likely get from them is a set of financial statements, that you struggle to understand, and an invoice for producing those statements...and that's it.

Many Public Accounting Firms promise that they'll go 'beyond the numbers' to help you make better business decisions. Their Accounting Associations even run ads promising the same thing. But my years of experience with the owners of small and medium sized businesses is very different.

Let me be clear. There are some truly wonderful Accounting Firms out there serving small and medium size businesses. But they're few and far between.

While delivering a Management Boot Camp in Ft. McMurray, Alberta a few years ago, I worked with a young couple whose business is customizing and accessorizing pickup trucks for folks who work in the oil and gas industry. Since just about everyone in Ft. McMurray drives a pick-up truck, this should be a profitable business. But it wasn't...and it hadn't been for seven years.

When I looked at their financial statements, I immediately saw that they were paying over \$280,000 a year in rent for 2<sup>nd</sup> rate industrial space on the edge of town. That's over \$60 a sq. ft, which was crazy high. But that's Ft. McMurray...take it or leave it.

With that high rent, there's no amount of business that this couple could do in that space that was going to make a profit for them. They were working their tails off and it was going nowhere. They told me that similar industrial space in Grande Prairie, Alberta, also a resource town, was about \$10.<sup>00</sup> a sq. ft.

So, here's the question. *"Where the heck had their accountant been for the past seven years?"* Yes, they used an outside Accounting Firm that did their accounting and produced year-end financial statements. But these accountants had never sat down with this hard-working young couple to review and explain the numbers and help them with some sound business decisions. Shame on them!

Last week, I spent an hour on the phone with a couple in New Brunswick who bought a 16-room country inn six years ago and it's been a money pit ever since. There's no way this thing can ever make money and they too have an accountant who hasn't done his or her job of working with them to make good business decisions. In fact, both their accountant and their bank manager should have recommended against this investment in the 1<sup>st</sup> place.

Another client that I'm trying to help has been technically bankrupt for the past three years. The business has no chance of a recovery and her outside Accounting Firm has said absolutely nothing. Two large banks lent this lady over \$200,000 to start the business, which had zero chance of success from day one. They'll never get a penny of that money back and my client has lost everything, including her house.

Then, I thought back to when I spent a day with 18 managers and partners with one of these Accounting Firms. There were only three of that group of 18 who had the business or life experience to effectively advise anyone. Imagine a 24-year-old 'Client Manager' at a big-name Accounting Firm, who has never been in business let alone run a business, advising a 70-year business owner on a complex and tax-effective succession plan, exit strategy and sale of the business, including family estate issues.

A very sharp accountant friend of mine (who *does* think like a business person) confessed to me recently, *"Accountants are trained to format financial information according to an accepted set of accounting guidelines...and not to make helpful business recommendations. Some of them are also capable tax advisors, but most of them are not business people. Just because they can count money doesn't mean they know how to make money."*

That was a breakthrough for me. Maybe we, as business people, are expecting something from our outside accountants that they're simply not trained or 'wired' to deliver. Are you getting the management insight, advice and help that your Accounting Firm promised you...or are you just getting financial statements and an invoice? If they can deliver the advice you need, demand it. If they can't, or won't, where will you go for the bottom-line business insight you need?

### **Cooper's 16 Tips to improve management effectiveness in your business:**

**Note:** These tips can be embraced individually, but implementing a combination of the ideas listed below will be most effective. I've divided the 16 ideas into 3 categories to make it easier for you: Which of these ideas will work best for you?

#### **Category #1: Improve your own management ability:**

**1.** Join a local support group of business owners and top managers in non-competing industries who meet once a month to help each other with their management challenges. Of course, there's a fee to join. One of these groups, operating worldwide, is called **Vistage**. In Canada, it's called **TEC** (The Executive Committee).

There's another group that operates similarly to Vistage called **TAB (The Alternative Board)**. It's for business owners only. You can find info about both Vistage, TEC and TAB on Google. These groups have local Coaches / Organizers / Facilitators who also provide individual coaching between meetings.

**YPO** is a well-known global support group for CEOs. YPO has very specific membership criteria which can also be found on Google. There's also the **Entrepreneurs Organization (EO)** with 222 branches in 86 countries. A number of our Biz Coaching clients have found Vistage, TEC, TAB, YPO or EO to be most helpful.

**2.** Join or create a **Mastermind Group or Peer Group** of non-competing successful owners of businesses in your industry or community. Meet quarterly for a day or two to ask questions, compare operating numbers, discuss challenges and share solutions. If a specific problem comes up between meetings, you can phone your Mastermind Group / Peer Group members, individually, for advice.



There may or not be a fee to join and you pay your own expenses to attend the quarterly meetings. You'll find info about creating Mastermind Groups on Google, or from your industry Association.

**3. Create an Advisory Board** of 4 to 6 successful business people with experience in various aspects of business. If a few of them they have been successful in your specific industry, that will be especially helpful. Each Advisor should be a thought leader in their field or discipline. Select Advisors for some combination of their experience, their network, their enthusiasm for your business and industry, their willingness and time available to engage and their fit with you and the rest of the Board. It's imperative that each Advisor bring to your business insight or experience you need, but do not currently have.

Do not select a group of cronies with whom you'll have a quarterly dinner with no real agenda, during which they'll agree with and enable you. I've seen this happen way too often and it's a disaster and a complete waste of time and money. If you're lonely and hungry, form a Dinner Group...but don't call it an Advisory Board.

Meet 3 to 4 times a year to discuss a pre-set agenda of specific challenges and growth opportunities that is sent to them, along with background info and data, at least 3 weeks before each meeting. The Advisory Board members will also receive Financial Statements and other updates as part of their 'Info Package'.

Some Advisory Boards operate on a no-fee basis by attracting Advisors who are committed to 'paying it forward'. But, more often, Advisors are paid \$1,000 to \$2,000 per meeting, plus travel expenses.

**4. Get management mentoring** from a (possibly retired) friend who has been very successful in your industry, or in business generally. Often people in this position love being helpful just to keep active and engaged. Make sure they're up on the latest business technologies and innovations. Some mentors will happily mentor you for no fee and others will charge for sharing their wisdom, experience and connections.

**5. Take advantage of all the management education available from your industry Association,** for both you and your team.

**6. Many of your suppliers** will have formal or informal management and technical training available for you and / or your team...no charge.

**7. Listen to your team**...including your front-line people. They know stuff about what needs to be done to improve the business and they hate it when you don't ask. When you don't ask, they assume you don't care. And, if you don't care, why should they?

There are many ways to get input from your team, individually and as a group. Create an environment where ideas are welcome, acknowledged and rewarded. Ask individuals for their thoughts on how to do their job more efficiently, more accurately, or more safely. Ask them what's preventing them from being more effective. Then listen and take action.

Another idea that has worked for hundreds of our clients is to create an '**Idea Fest**' 3 times a year. Each team member is responsible for coming to the event with at least one idea to operate more effectively, work more safely, create a better culture, serve customers more wonderfully, save money or be more environmentally friendly. The team votes on whose idea is best and the winner gets a cash prize of \$50 or \$100. Be sure to acknowledge, thank and fairly reward folks for the ideas that you implement.

**8.** Attend live or virtual **Seminars or Boot Camps** offered by experts in your industry, or specific subject experts. These events could be on overall management and leadership...or on one specific aspect such as financial management, HR, technology, staff empowerment, or marketing.

**9.** Attend **Management Courses** offered by the Business School at your local College or University. Most of them offer courses for business owners and managers. Check their website or simply call and ask them.

**10. Hang out with business people who are smarter and more successful than you.** Listen and ask questions. Who we choose to spend time with and how intentional we are about becoming 'smarter' has a huge influence on our personal life and business success. If you're always the smartest person in the room, you're in the wrong room.

**11. Read** some of the top-rated management books. Google search 'Best Management Books of the Year' and pick a few. Read Business Magazines like Fortune and Fast Company.

**12.** Invest just \$40 to purchase my 40-page '**Vision Critical Guide**' at donaldcooper.com. This step-by-step Guide, 7 years in the making, has helped thousands of clients create a clear, specific and measurable 3 to 5-year Plan for the future of their business. It comes as a downloadable PDF.

### **Category #2: Hire, challenge, engage and reward top quality people to manage each Department or function in your business:**

**13.** As a business owner, leader or manager, you should be hiring **department or task managers and supervisors who know at least 5 times more about the specifics of that area of the business than you do.** *'We become what we hire!'* If we hire 1<sup>st</sup> rate employees, we become a 1<sup>st</sup> rate business, one recruitment at a time. If we hire 2<sup>nd</sup> rate employees, we become a 2<sup>nd</sup> or 3<sup>rd</sup> rate business, one recruitment at a time. It's your choice.

There are many excellent articles, tips and videos on Google to help you get better at hiring top performers. Just type, *'How to hire the best people'* into Google.

Sadly, many business owners and leaders are reluctant to hire smart, experienced, talented experts to manage each department or function in their business. They need to always be the smartest person in the room and they feel intimidated by talented experts. This is often because these business owners, leaders and managers don't understand what their real job is. They think their job is 'to do stuff' and, if they hire folks who can do that stuff better than they can, they'll have no 'useful purpose' in the business.

I had a Biz Coaching client a few years ago who bragged to me that he could do every job in the business *better* than any of his staff...and I knew he was in big trouble. It turned out that the one job he couldn't do was to manage and lead his business and his team. It was a disaster!

It takes guts and confidence to surround yourself with people who are smarter in their specific area than you are...but that's your **2<sup>nd</sup>** most important job.

**Note:** So what's your **#1** most important job? As a business owner, leader or manager, **your #1 most important job is to be 'clear' about 10 things.** I'm sorry that there are 10 things that you must be clear about and not just 3 or 4...but business is complicated. To take the 'Clarity Test' for your business and for help in improving 'clarity', download Biz Tool #A-4.

After creating 'Clarity', your 2<sup>nd</sup> most important job is to build a world-class Team, to create a business culture that listens to, engages, respects, encourages and rewards that Team and then to coach and challenge that them to grow the business.

So, do you see yourself as a *player* or a *coach*? In sports, the difference is clear. Players play and coaches coach. You never see a football coach run out on the field in the middle of a game, take the ball from a player and run down the field himself. Why? Because there are clear rules about coaching and playing and there's a referee who will blow his whistle if coaches try to be players. Sadly, in business, there are no clear rules on coaching and playing...and there's no referee. So, bosses (coaches) often grab the ball and run with it while the players stand on the sidelines. As the people in charge of the rules, the bosses are also the ones with the whistle...and they never blow that whistle on themselves!

One more thing, don't just hire people who can help you with today's challenges and opportunities. You need people with the skills, expertness and drive to help you get to where you need to be in 3 to 5 years. If you don't have a clear Vision for the future of your business or department, your business as you best understand it is your business as it just was, last year. So, you go out and hire people for the immediate past...not for the future. I see this happen over and over. This is why it's so important to have a clear Vision for the future of your business and your industry. See point #12 above re my \$40 **Vision Critical Guide**.

**For every person you hire, ask yourself these 3 key questions:**

1. *'Are they a great fit with our culture?'*
2. *'Can they do the job we're hiring for?'*
3. *'Can this person help us get where we commit to be in 3-5 years?'*

**14. 'Rent' experts for the time you need them.** Depending on the size of your business, you may not need, or be able to afford, top-notch full-time managers in certain areas like HR, system design, website development & maintenance, or managing social media. For these kinds of functions, you can hire an 'outsourced expert' on an ongoing basis for the exact number of days a week or month you need them. This very clever strategy allows you to have the benefit of high-level experts that you could never afford on a full-time basis.

### **Category 3: Get short-term outside help:**

**15. Hire world-class expert Consultants who are specific to your industry.** These folks will not be cheap, but they are incredibly valuable. Last fall I worked with a client based in a small town in Kansas. This is a manufacturing business where 100% of their production is high-end, custom and labor-intensive, using natural and highly variable raw materials. Typically, this combination of factors is a nightmare when it comes to automation, efficiency and quality. But, this factory was amazing! It was so well laid out with world-class technology, machinery, processes and people. I was blown away.

They're committed to their customers, they listen to their staff and they've created an incredible business culture. But they do one additional thing. Every few years they bring the two sharpest production consultants in their industry, all the way from Germany to their small town in Kansas for two weeks to advise on how to do it even better. Who are the top industry experts who can make a huge difference in your business?

**16.** Hire top-notch **task-specific Consultants or Freelancers who are not necessarily experts in your industry**, but who are experts in their specific field. Branding, graphic design, certain technology design & installation functions, specific staff training and 'succession & exit planning' are examples.

So, there you have my 16 suggestions on how to improve management effectiveness in your business or department. Which of these will be most helpful to you...and when will you get started?

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