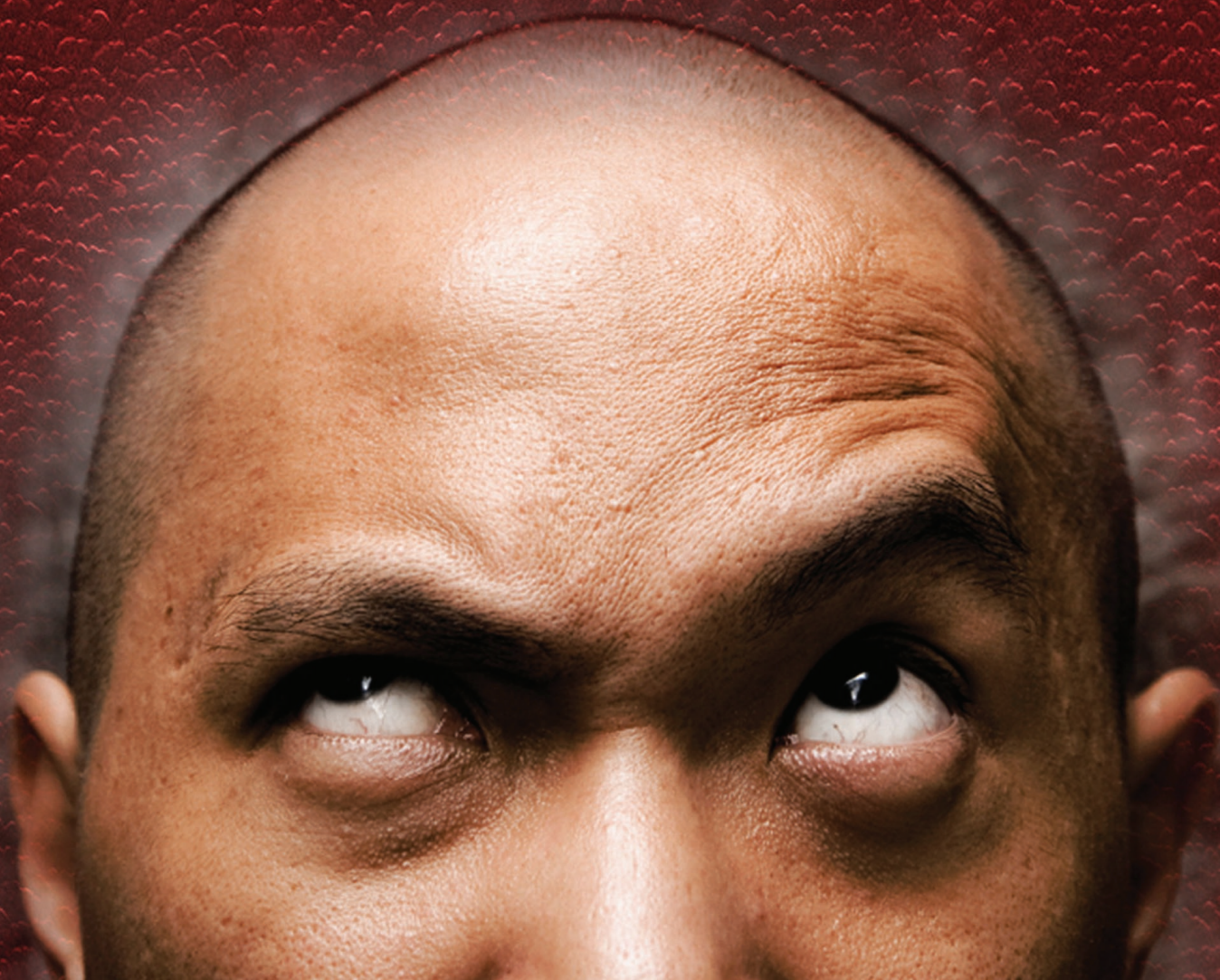


8 PROFIT INCREASING & PRODUCTIVITY ENHANCING SECRETS

USED BY THE WORLD'S MOST
SUCCESSFUL CEOS





CEO SECRET #1

How winning CEOs create an automated hiring process to find great people with less work

Looking for interview help or interview advice?

Ever wonder what constitutes a “good job interview.”

Maybe the answer is: no job interview at all.

Ask yourself, how much time do you or your people spend recruiting, informing, and talking to candidates whom are a bad fit for your organization? If you are like most entrepreneurs, too much time.

Shouldn't you be spending your time on the high impact items that only you can do?

Have you ever said to yourself after an interview, “This was exactly the same conversation I just had an hour ago with the previous candidate?” Asking the same job interview questions over and over again doesn't really qualify as a good job interview strategy or good job interview techniques, at least from your perspective.

The best job interview tip we have seen is to create an efficient method to disseminate information the candidates need while saving you the torture of individually delivering it. This provides you time savings, job interview help, makes hiring employees easier, creates a repeatable interview process, and creates a more successful job interview by accelerating the hiring process. This tip is a video FAQ.

8 PROFIT INCREASING & PRODUCTIVITY ENHANCING SECRETS

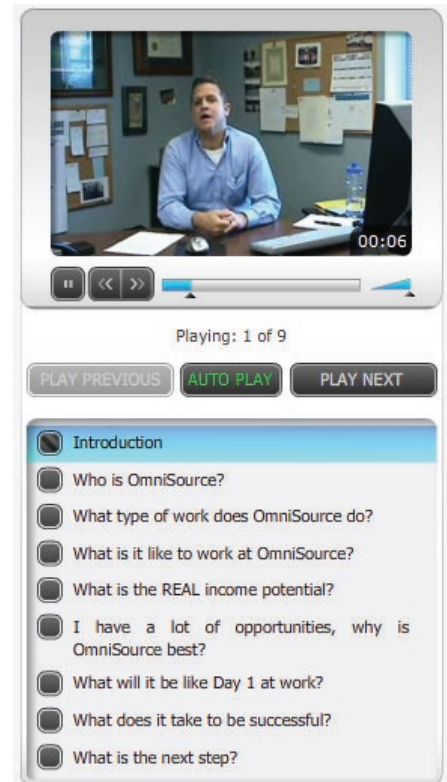
A video FAQ can be used to disseminate information quickly and easily for a variety of applications.

- Franchisors sending initial information to potential franchisees
- HR Departments disseminating new memorandums with a personal touch
- Hiring Managers using video FAQs to substitute for the first interview
- Entrepreneurs looking to better influence corporate culture
- Sales Departments helping to inform customers in a create fashion
- Customer Service Departments showing “how to” rather than telling it
- Product Demonstrations broken into bite-sized chunks
- Software Demos with the ability to jump to each feature

Video FAQs allows you to have all the interactivity of a conversation without the tedium of reliving it over and over again. You can ask common job interview questions right from the FAQ. This makes employee hiring a business process rather than a crap shoot. A video FAQ is especially powerful when hiring people for new positions. Our best tips for the job interview:

Simply write down the common questions candidates ask during the first interview, or should ask, and talk to the camera like it was a candidate.

The video does not need to be fancy or professionally produced to be an effective hiring



This is an example of a video FAQ used as the first interview for a prospective sales person. You can view it online [here](#).

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practice. In fact, we have found that “homemade” videos can actually be more effective. There is somewhat of a secret sauce to creating a good video FAQ, it takes some interview skills and a proprietary process. Done wrong, it can make quite a mess. In our 51 Errors tele-class, we walk you through all the steps necessary to create a powerful hiring tool for ongoing use in your business. Learn more at www.51errorsworkshop.com

CEO SECRET #2

What is a Green Collar CEO™ and how you can become one

A Green Collar CEO is a highly effective and highly profitable business leader who spends very little of her time on low-impact activities. Green Collar CEOs are highly entrepreneurial multi-taskers. They are adept at managing multiple priorities while maintaining maximum efficiency.

Most importantly, a Green Collar CEO understands that she directly and indirectly drives every dollar of profit for the organization. With this great responsibility, the Green Collar CEO spends her time doing the activities that only she can truly do. She, nor her organization can afford her to spend time on the day to day work of the business.

Lastly, Green Collar CEOs get paid exceptionally well. When an entrepreneur learns the method of becoming a Green Collar CEO, their value to their organization grows exponentially and their pay rises with it.

How do you become a Green Collar CEO?

We teach a 5-week online business skills training course on how to become a Green Collar CEO, but here is the very short version:

- Get out of the day to day work. You are selling yourself and your business ideas short if you perform tasks that don't drive long term value for your business
- Have an excellent strategic plan for their business and live it daily
- Know how and when to hire well to create a competent staff to work their plan
- Are highly risk-tolerant and possess the business acumen to execute
- Leave perfectionism at home

PROFIT INCREASING & PRODUCTIVITY ENHANCING SECRETS

- Seek outside business advice or business coaching
- Don't know what micromanagement means or have control issues
- Are consistently engaged in ongoing business leadership training
- Have a high degree of impatience
- Know how to harness the power of their "CEO ADD"
- Are willing to "buy back their own time" so they can engage in the most important activities such as their business growth strategy, business planning, documenting business processes, improving business processes, or perhaps just enjoying themselves a bit more.
- Love what they do and create passion in others through effective leadership

You can learn more about becoming a Green Collar CEO at www.GreenCollarCEO.com

CEO SECRET #3

How winning companies “control the customer” to triple their profits

One of the most important business dynamics in the next five years will be “controlling the customer.” The businesses that will be the MOST successful will learn to control their customers. You control the customer by providing a superior basket of customer value that is not duplicable by the competition. Simply put, the customer would never choose to go anywhere else because they would sacrifice too much in doing so.

Once you have gained control of the customer, you have the ability to dictate terms.

Don't take this the wrong way. Dictating terms does not have to be a negative. Dictating terms is what a doctor does. The doctor defines the customer relationship (a.k.a. dictates terms by telling you:

- Show up on time or pay a fee
- Pay if you miss the appointment
- Wait for them in their “cue” so they can operate at maximum efficiency while you waste your time
- Work with their assistants vs. the doctor (e.g., to take your blood pressure, etc.)
- Come to their office vs. them coming to you even though you are ill
- Prove that you have the financial means to pay before you are even seen by the doctor

These practices increase the customer profitability for the doctor with only a small amount of discomfort to the patient.

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In the business world, the best companies have grabbed control of the customer and used this control to dictate terms.

For instance, there is a Wal-Mart across the street from my daughter's dance studio. If I am killing time, I sometimes make the mistake of buying something at this particular Wal-Mart. Virtually, every time I have bought something at this store I have tolerated: not enough carts, a dirty store, fifteen or more people in every checkout line, no customer service, etc. Yet, I keep going back, why? Wal-Mart has the location I need and I know I won't overpay. This "basket of values" allows them to dictate all the above business terms to me.

- "Jim, you are going to wait in a long line and waste a significant amount of your time because we don't want to pay more cashiers."
- "Jim, you might not get a cart because we don't pay enough staff to fetch them for you."
- "Jim, if you want your low, everyday prices, here are the non-cash terms of our customer relationship. "

Effectively, Wal-Mart is controlling the sales process, defining their customer retention process to me, and picking a customer strategy that works for THEM.

Need more? How about your cell phone company?

They woo you and entice the daylight out of you to get you "in." Once you are a customer, you only talk to foreigners and wait forever for customer service. These non-cash terms help their profitability. Have you switched because of the service levels? Nope. You might switch for price or service area, but they KNOW this. They KNOW you will tolerate a crummy customer service culture in exchange for coverage area and price.

Alright, enough said. Here is what you can do:

Figure out where your prospects vote with their wallet.

Remember, complaints come out of the mouth; money comes out of the wallet. Strengthen the value you offer the customer and this will improve your customer profitability. Then figure out how the customer can save you money with only a small amount of pain on their part. Ask your client to give you these non-cash terms. Better yet, grab control of the customer with compelling value and DEMAND they give them to you.

Once you have grabbed control of the customer you have many good options.

These options include:

- raising prices
- upselling
- selling additional items
- referring customers to related companies
- simply retaining their business for virtually no cost.

Your job is to focus on what your customers are willing to vote with their wallet for and deliver it better, faster, and more efficiently than your competition. Create a sales process where the customer attitude is what you want from them, not what the customer wants to give you. This will increase customer satisfaction and retention as well as profits.

CEO SECRET #4

The 3 common mistakes companies make that can cut their profits in half

In general, every company has their eye on their profit margin, their cost benefit analysis, as well as their cost reduction opportunities. In specific, these three areas are how companies lower their business profitability.

Forgetting to reduce expenses on a regular basis

Being a bean-counting, penny-pinching CEO is no fun. However, wasting money comes back to bite you too. Find a happy medium depending on your profit and loss statement. Here is a list of typical hiding spots for cost reduction and savings:

- Telephony (costs keep dropping, so don't tolerate a flat bill)
- Printing (shop your printing to keep vendors honest)
- Rent
- Insurance (shop it annually for pleasant surprises)
- Cost of money (1% of \$1MM is \$10,000 in increased profit)
- Legal (I can cut most legal bills in ½ by better managing your attorney)
- Accounting (ever notice how your bill creeps up as your accountant feels like he/she has "control of the customer")
- IT (delaying computer purchases from a 3 year cycle to a 4 year cycle saves 33%)
- Freelancers vs. full-time employees
- Off-shoring (I know this rubs folks the wrong way, but there are big cost savings here in the right situations. Using China, India, and the Philippines is not just for big companies)

PROFIT INCREASING & PRODUCTIVITY ENHANCING SECRETS

Overpaying marginal employees, especially salespeople

Have you ever had a “key” person quit unexpectedly? Your initial reaction is “ut oh.” But as time goes by, you realize you were paying \$75,000 for 1/6th of a job or that the job had a bunch of make-work.

As CEOs, we have to manage a million different things including our operating margin. Managing all of this is constantly overwhelming and makes those folks that “just handle it” for us valuable. However, sometimes we keep paying those folks more and more just to “not deal with it” ourselves.

One of my favorite questions for business owners is, “If we fired Sally and you had to do her work and YOU got a \$40,000 pay raise (i.e. her pay), would you keep her or get rid of her. Most of the time, the owner says, “She is outta here.” Ask yourself who in your organization fits this bill? How much could you increase your profit by getting rid of some deadweight?

Focusing on sales vs. margin

You don’t pay your bills with sales. You pay them with margin. There are no silver bullets in my world of business consulting, however, fixing low margins is the closest thing to the elusive silver-bullet. If your margins are too low, your life is way too tough. Never enough money to go around, right?

I understand that raising prices is scary and difficult, but I challenge you to review the gross margin calculator below regarding the impact of a price increase. For instance, if your gross margin is 20%, and increase prices only 4% (e.g. \$5 item to \$5.20), you can lose 25% of your sales and still make the same amount of margin. Actually, you will make more money because you will have less work to do if you have fewer orders.

Keep in mind that business costs are NOT driven by sales. Business costs are driven by transactions. It costs money to print invoices, answer phones, provide customer service, etc.

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If you feel you will lose too many customers with a small price increase, I challenge you to ask “why?” Is your position with your customers so weak that they won’t pay more? Figure out a way to provide more value to your customers so you can increase your margins. Every successful entrepreneur is 1) focused on gross profit margin, and 2) positioned themselves in a business with great margins.

IMPACT OF PRICE REDUCTIONS

	if your present margin is								
	20%	25%	30%	35%	40%	45%	50%	55%	60%
And you increase price by	To produce the same profit, your sales volume must be reduced by:								
2%	11%	9%	7%	6%	5%	5%	4%	4%	3%
4%	25%	19%	15%	13%	11%	10%	9%	8%	7%
6%	43%	32%	25%	21%	18%	15%	14%	12%	11%
8%	67%	47%	36%	30%	25%	22%	19%	17%	15%
10%	100%	67%	50%	40%	33%	29%	25%	22%	20%
12%	150%	92%	67%	52%	43%	36%	32%	26%	25%
14%	233%	127%	86%	67%	54%	45%	39%	34%	30%
16%	400%	178%	114%	84%	67%	55%	47%	41%	36%
18%	900%	257%	150%	106%	82%	67%	56%	49%	43%
20%	-	400%	200%	133%	100%	80%	67%	57%	50%
25%	-	-	500%	250%	167%	125%	100%	83%	71%
30%	-	-	-	600%	300%	200%	150%	120%	100%

CEO SECRET #5

How to immunize your company from employee turnover

For most hires, if you hire “experienced” people, you are really hiring your competitor’s rejects. Yes, I know you don’t believe me. But, yes, I can prove it. Every CEO wants to hire the perfectly qualified person for the position. This typically means the employee has done the job before.

**When you hire the “perfect person” from the competition,
I believe, most of the time, you are hiring a reject.**

Here is why: if you are a chemical distributor needing accounts payable person with SAP experience, whom do you want to hire? Someone with chemical industry experience accounts payable experience, and SAP experience, right? It seems perfectly logical. However, it is a recipe for disaster.

The reason this plan is a disaster is an incorrect assumption you are making. That assumption is that your competitor will let a truly great employee leave. Quality employee retention is important to EVERYONE, including your competitors. Picture this; Sally is a ten-year tenured payables clerk. She is truly a great employee. The department would fall apart without Sally. One day, Sally walks into your office and says,

“Mr. CEO, I love working here. You are the best boss I could ever ask for. I always figured I would retire from here. I don’t want you to take this as a shakedown, but ABC Company offered me a job for \$1.50 more per hour. Normally, I would have said no, but my boy is sick and we really need the money. I just wanted to say thanks for everything you have done and let you know I will be leaving in two weeks.”

PROFIT INCREASING & PRODUCTIVITY ENHANCING SECRETS

If this situation happened to you, what would you do? Most people would follow the most basic employee retention strategy and pay Sally \$1.50 more per hour rather than have their payables department fall apart. You lose a lot if you lose Sally. You lose ten years of experience and competence. You lose ten years of employee training. You lose Sally's relationship with your vendors/customers. So what do you do?

You hang onto Sally for dear life!

Guess what, SO WILL YOUR COMPETITORS?

You are deluding yourself thinking that the person you are interviewing is one of these great employees.

The fact that the employee is sitting in front of you means that the "please don't leave Sally" conversation did NOT happen with their boss. Therefore, you are talking to someone the competitor did NOT try to keep (i.e. a reject). Put another way, your competitor DID have an employee retention strategy with that person, "let them go." Quite simply, you are better off to not hire from competitors.

I realize there are exceptions to my story. Everyone has had one: a failed business owner, a competitor going out of business, etc. I will take all of these type employees I can get. However, they are the exception, not the rule. Pretending these anomalies with repeat over and over is not a good plan.

I believe you should completely give up on this hope and start with inexperienced, high aptitude employees instead.

CEO SECRET #6

How to create a proven and repeatable sales process so ALL your salespeople can successfully sell

It seems to be a giant mystery why some can sell well and some cannot. Many say that the star salespeople are born that way. Others say it is knowing all the right sales techniques. We have a better answer, creating a best of breed company-wide selling process. A strong sales process leads to great salespeople.

Think about it. If Sally is your sales superstar and Tom is your poor performer, what is the difference between the two? Sally may have better personality characteristics. However, more than likely, Sally has designed her own selling process that is superior to Tom's. Simply put, poor salespeople use poor sales processes.

Excellent salespeople use excellent sales processes.

A SalesMap® is our proprietary process that produces a standardized, repeatable selling process that works. I will use the term SalesMapping as a synonym for “company-wide best of breed selling process.” Our philosophy is quite different from sales training. Sales training is predicated on the belief that poor salespeople need to be taught the “moves” to improve their selling skills. Our experience is that the poor sales performers can be taught all the sales strategies in the world and not know when to use them.

They are like Barney Fife. The bullet always stays in their pocket and the gun never fired. SalesMapping® is predicated on the belief that all salespeople could improve sales if they used a best-of-breed process.

PROFIT INCREASING & PRODUCTIVITY ENHANCING SECRETS

The reality is that poor salespeople don't sell because they don't know the process of selling well, not that they don't know what to say.

SalesMapping® is a key ingredient to creating a strong sales management system. For every company we work with, we create a custom SalesMap®. We then work with the sales staff to create a fluid, consistent selling system.

SalesMapping® is a proprietary 9-step process. However, you can do your own tune up on your sales process by:

- **Create a sales process to get rid of the poor performers FAST.** There are sales techniques that can determine if a salesperson is a “keeper” in 30 days maximum. Yes, I said maximum. You don't need to close a sale to know if a salesperson is working out.
- **Create a sales pipeline model.** A well-crafted sales pipeline model should create predictability for upcoming sales as well as create stronger accountability for your staff.
- **Model your superstars.** Better salespeople follow better process. Very rarely do they know how they do it. They think it is natural or inborn: hogwash. Observe them and dissect how they do it. Pass it along to the rest of the sales team.
- **Find the holes in your marketing.** Done right, marketing feeds sales. I am not a big fan of allowing salespeople to whine, “We need more marketing.” This is simply whining. What I mean is, what marketing processes, materials, or tools are currently holding back your sales process. Everyone has them. Find yours.

Our experience has shown that you can improve your sales organization and sales performance more by creating a SalesMap® than by all the sales training in the world. Sales training is much more contingent upon the sales ability of the individual than a good sales process. We strongly encourage you to improve sales performance via process rather than traditional sales training.



CEO SECRET #7

Avoid “Peacock Management”

Let’s face it, CEO’s are problem-solvers by nature. The Buck stops with us!

We learn very early in our tenure to excel at problem solving. In fact, we learn so well that we learn there is no problem we cannot solve. Have you had an issue in the past year that you did not immediately know a solution? Having solutions to problems is great; however, during this cycle of quickly solving all problems, we train ourselves to believe, “there is no problem I cannot solve.”

Quick, off the hip solutions, provided by one person’s experiences and opinions, are rarely the optimal solution.

This type of solution is simply just “a” solution.

For instance, I can solve the high cost of gasoline problem by prohibiting automobiles. Demand would fall and so would prices. However, entire industries would be crippled as well as numerous other problems. My solution to a business problem is just that, a solution.

There are many best-of-breed solutions that I simply don’t have the resources or knowledge to create. Quick problem solving is typically not a solid business strategy either. To ensure optimal business growth, you must engage in a strategic planning process. Sitting at your desk and “whipping” out “solutions” is not a strategic planning process. Part of being the boss is knowing when to involve others in decision-making.

Your job as CEO is to provide your company with the best-of- breed solutions, not just “a” solution.

PROFIT INCREASING & PRODUCTIVITY ENHANCING SECRETS

When a CEO treats their solutions as if they are best-of-breed solutions, this is Peacock Management. The CEO struts around like a proud peacock, feathers all up in the air.

Create outlets to gain access to industry and general business best-practices. One of my clients has a great saying, “I want to assume everything I am doing is WRONG.” This saying is the exact opposite of how most confident CEOs think. Most CEOs work from the presumption that their ideas are right and/or best-of-breed. This occasionally causes them to forge ahead with false confidence.

CEO SECRET #8

Turning Race Horses into Plow Horses

Keeping good people in areas that are critical to your business is never easy and this discussion may even make it harder for you. This title is designed to make you visualize a sleek, tall, and strong horse tied to a plow. Of course a horse is a horse, and the race horse is certainly capable of pulling the plow, but the real question is there more critical task that they could be doing to be even more valuable to the organization.

People can and should be plugged into those areas where you cannot afford to “do the work.”

People that are dedicated and value driven will do whatever you need them to do. Even if you don't or can't calculate the opportunity cost of having them performing jobs that they are over qualified for, think of these two points. When talented and driven people are assigned to tasks that do not challenge them one of two things happens:

1. They become bored with the work and their frustration leads to them leaving the organization. Now not only have you lost a talented race horse, but the plow is now sitting on the field going nowhere. Each has a cost, and depending on the size of your company the next horse to pull the plow may be you!
2. They become so disillusioned that they grow apathetic and even can become rebellious. They cause issues at work, and their performance slips. The fields are not being plowed correctly, the rows are running with the grade of the hill and yields are down. I will suggest that this option is much worst than the first as they are now infecting others in the organization and can be a cancer eating away at your organizational culture and profits.

PROFIT INCREASING & PRODUCTIVITY ENHANCING **SECRETS**

There is no magic wand, but I implore each of you to work at developing and nurturing a company culture where people feel free to ask for more. They need to be able to ask for more responsibility without fear of being seen as selfish. You want and need people that want to grow, and you want to keep them around as long as possible.

Watch for people who are frustrated.

Frustration is a key pain point for people that are not feeling satisfaction from their work. Frustration is often made evident in attitude. What we are really talking about is your effective leadership or ineffective leadership. To make the most of your leadership skills:

- Use tools to ensure you know the needs, motivations and talents of your players.
- For effective business communication, talk often, and ask them what they want. Ask them what their goals are, what business skills they want to develop, and where they envision themselves in two to five years. (SILENCE is not acceptance) This is especially true for people that have been with you for over a year and do good work.
- Watch for people that are becoming rebels. Key point, this is a shift in their actions. This is a soft people skill that is so important.
- Know what practical business skills and personality traits are critical to a position before moving someone into the job. Do they have effective leadership skills? How solid is their employee communication? Can they motivate other employees? Can they manage people or do their business communication skills need some work? Move slowly, do not make another error by making a quick decision that has to be reversed later.

By improving your own team leadership skills, you can become better at developing employees within your organization.

Effective communication and frequent quality communication is a key leadership skill that serves to improve employee accountability as well as help you retain your quality people.