

SMALL BUSINESS SUCCESS



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[Yuletide Blessings from Your Business](#) | [Getting Customers to Your Online Checkout](#)
[Conducting Effective Reference Checks](#) | [Business Creativity and Innovation](#)

Business Trends for 2010 - Part 1

Trends. In business we have a love/hate relationship with them. We need to know about them, watch for them, be prepared to adapt our business and marketing practices to reflect them, but we find it hard to keep on top of them as they continually change from year to year. They impact what we do, how we sell, who we sell to, and what we produce. And yet, we can't completely arrange our businesses around them or we'd not have time to do anything else. Trendwatching.com, one of the world's leading consumer trend firms, relies on a global network of hundreds of spotters. Their trends, examples and insights are delivered to 160,000 business professionals in more than 180 countries. In part 1 of this article, we'll look at their first five of ten trends that you may want to watch for in 2010. Think about how each one may impact your business practices in the coming year. While you may not necessarily change the direction of your business sails, you might want to be aware of which way the wind may be blowing in the new year.

Trend #1 - Business as Usual

For the first time, there's a global understanding, if not a feeling of urgency, that sustainability, in every possible meaning of the word, is the only way forward. In mature consumer societies, companies will have to do more than just embrace the notion of being a good corporate citizen. To truly prosper, they will have to 'move with the culture'. This may mean displaying greater transparency and honesty, or having conversations as opposed to one-way advertising, or championing collaboration instead of an us-them mentality. Or, it could be intrinsically about generosity versus greed, or being a bit edgy and daring as opposed to safe and bland.

Trend #2 - Urbany

A defining trend for the next few years is urbanization on steroids. Here are some telling statistics: Less than 5% of the world's population lived in cities a century ago. For the first time in 2008, that figure exceeded 50%. By 2050, it will have reached 70%, representing 6.4 billion people.

Trendwatching.com has dubbed this extreme push towards urbanization 'URBANY', representing a global consumer arena inhabited by billions of experienced and newly-minted urbanites. The significance? A forever-growing number of more sophisticated, more demanding urban consumers are snapping up more 'daring' goods, services, experiences, campaigns and conversations. Those consumers opting to remain in rural areas will be tempted to act (and shop) online like urban consumers, too.



Trend #3 - Real Time Interviews

With more people sharing, in real time, everything they do, (buy, listen to, watch, attend, wear and so on), and with even more search engines and tracking services making it easy to find and group these 'live dispatches' by theme, topic or brand, 2010 will see ready-to-buy consumers tapping into a live stream of first-hand experiences from fellow consumers. Just because they can, consumers who will need more specifics after reading a review, will want to get in direct touch with the reviewer. And because of the self-selecting nature of Twitter, Facebook, LinkedIn, these direct conversations will actually be welcomed by the reviewer, too. This will lead to real conversations between like-minded customers and potential buyers, without the brand even being able to monitor what's being said about its products, let alone being able to respond. So, in 2010, expect numerous services to capitalize on this burgeoning 'global brain', and its endless real-time reviews and verdicts.

Trend #4 - (F)Luxury

In 2010, luxury, and what it means to a bewildering number of 'consumer segments', will remain in flux. So how will luxury brands fare in the next 12 months? What will define luxury over the next few years? The answer is 'luxury will be whatever you want it to be'. Now that there are so many more ways to be unique than just buying the biggest and the most expensive. How about luxury being defined as whatever you want it to be? Some examples . . . Anything commissioned? Providing 'access'? Secrets? Stories? Time with one's loved ones? Time for oneself? All things local? Peace and quiet, if not escape? Eco-friendly? Human-friendly? Animal-friendly? Caring? Empathy? Perks? Craft? Friends? Having a larger-than-life perspective? Households of six or more? Philanthropy? Frugality? Health? You get the point. So don't worry about missing out on the next big thing in luxury, focus on defining it by finding and coining the right (status) trigger for the right audience.

Trend #5 - Mass Mingling

More people than ever will be living large parts of their lives online in 2010. Yet, those same people will also mingle, meet up, and congregate more often with other 'warm bodies' in the offline world. In fact, social media and mobile communications are fueling a MASS MINGLING that defies virtually every cliché about diminished human interaction in our 'online era'. So, forget (for now) a future in which the majority of consumers lose themselves in virtual worlds. Ironically the same technology that was once seen to be turning entire generations into homebound gaming zombies and avatars, is now deployed to get people out of their homes. Basically, the more people can get their hands on the right information at home and on the go, the more they date and network and twitter and socialize online, the more likely they are to eventually meet up with friends and followers in the real world. Why? Because people actually enjoy interacting with other warm bodies, and will do so forever.

Have these five trends got your mind churning on how your business or industry may be impacted and what adjustments you could make to capitalize on these trends? In the January edition of Small Business Success we'll look at the last five trends. Meanwhile, you can read the abridged information above in its entirety at www.trendwatching.com/briefing.

[Top](#)

Yuletide Blessings from Your Business

How is it possible that Christmas happened a year ago and is almost upon us again? Doesn't it feel more like a few months than an entire year? And yet here we are at the beginning of December, amidst the day-to-day tasks of running our businesses, wondering what this Christmas will be like for us. Unfortunately, Christmas can become something that gets in the way of business. It can become just another series of tasks you must add to your already full schedule. School concerts, parties and social activities, family gatherings, shopping – can all become an overwhelming part of the Holidays for the small business owner. We'd like to challenge you to think about things just a little differently – to consider yuletide blessings from your business.

The word “blessing” is defined by Webster as: “to bestow some benefit upon.” We all know that the true spirit of Christmas (as witnessed by Ebenezer Scrooge in Dickens’ “A Christmas Carol”) involves giving to others. The reality is that all too often we can't find the time to give because of how busy we are surviving the stuff of life (and of business). So how can you and your business “bestow some benefit upon” those around you? How can you bless those you work and live with every day? Whether or not you have a religious connection to Christmas, it is a universally accepted season of giving – a time when many people focus on sharing what they have with others less fortunate. This blessing of giving is something that brings people together, creates focus on what's really important, and challenges communities to share with one another. Here are some ideas to enhance your business blessings to those around you.

Start early in the year to plan for your seasonal giving

Build it into your budget at the beginning of the year. It's very difficult to plan for meaningful giving when the season is suddenly upon you and you're scrambling for extra funds at a time when your sales may be taking a dip, or you're too busy to think about it. Be thoughtful and creative as to how you will do this. The more time you have to think about it, the more creative you can be. The point isn't the amount you spend, but your example of thoughtfulness and a giving spirit will bless others.

Bless your customers

How can you let your customers know that you appreciate and value their loyalty? How about a Christmas card for starters, signed by you and your staff? A Christmas discount or coupon inserted

into the card? Some boxed chocolates or treats out on your service counter? Some business owners purchase gift baskets or other appropriate gifts for significant or extra loyal customers. Or how about a double “blessing”? Create an opportunity for your customers to partner with you to bless someone else in your community - the local food bank, Christmas charity, church or shelter for instance. These organizations always have extraordinary needs over the holiday season. How about investing in a treat for your customers? I shopped at a gift store several years ago that invited regular customers to two customer appreciation evenings during December. They brought in a coffee bar and served eggnog lattes and other goodies, provided special discounts that evening for invited guests (doesn’t the word “guest” make you feel entirely different than “customer”), and had a small jazz ensemble playing live music throughout the evening. It was an enormously pleasurable shopping experience and I spent a fair bit of money that night! You can never go wrong with blessing your customers, so be creative. Talk about it with your staff. Make sure you plan something over the holidays to value them and their support of your business.

Bless Your Staff

Don’t forget the people without whom you couldn’t run your business – your employees. How can you let them know how much you appreciate their hard work, their loyalty, and their contribution to your business success? Don’t just go through the motions with your staff this year - why not bump up the creativity? One company I worked for sent all the women employees out for afternoon high tea at a famous hotel. We were treated royally to a magnificent British tea, and were entertained by a local choir. The men were given hockey tickets and they enjoyed an evening out together as well. Some meaningful staff gifts I’ve received in the past include monogrammed sweatshirts with the company name, a personalized canvass briefcase, gift certificates for a 20 lb turkey and all the trimmings, a lovely Italian Panatone breakfast bread, and a gift certificate to my favorite coffee shop. Your blessing to your staff tells them how much you value what they give to your business. Don’t cheap out on this one! Valued employees work hard and give back more than you can measure.



Bless Your Community

Finally, how can you look beyond yourself and your business and bless others in your community who may be less fortunate? Every city has Christmas charitable organizations who would gladly take your cash donations to further their efforts. Find an organization that coordinates Christmas hampers for needy families – you can include your staff in this process for an incredibly meaningful experience. Find out what your local church is doing to support your community and join in. It doesn’t have to involve money – volunteer in a soup kitchen, go caroling at the senior’s centre – there are loads of things going on in your city that require volunteers. Blessing your community puts things into perspective, and helps you to realize how fortunate you are.

These are just a few ideas – consider how you can inspire a spirit of giving this year, by being a giving person. Don’t let another year go by where the hustle and bustle of the season takes over your desire to share what you have with others. In the end, the blessing you’ll receive will probably outshine the one you gave.

[Top](#)

Getting Customers To Your Online Checkout

Tips for More Successful Online Sales

If you have a website with an online check-out, you've almost certainly experienced it – the mystery of disappearing customers. Somewhere between adding products to their shopping carts and finalizing their purchases, customers vanish into thin air. Brendan Regan, a marketing expert at FutureNow (www.futurenowinc.com) says in the FutureNow blog, that customers abandon their carts for the following reasons. They thought the shipping charges were high (many people will decide against a purchase if your quote for shipping seems expensive). They wanted to comparison shop (according to Regan, a recent study sponsored by McAfee showed the average time between visiting a site and checking out was 34 hours). They couldn't find their preferred payment option (even if you accept every conceivable form of payment, it won't do you any good if customers don't know it).

The secret to getting those customers through the check-out is really quite simple. Most of the time it doesn't matter if your web site looks great or how good and inexpensive the products you offer are. It's the design of your web site and how your customers can interact with it that will ultimately make the difference between the success or failure of your web-based sales. Here are a few simple tips that will make your online shopping cart more successful.

1. ***Make sure your website is user-friendly.*** Easy navigation, well-functioning search tools, clear concise text, and working links all lead to a completed sale. If people can't find what they're looking for, find your site difficult to navigate or click on links that take them nowhere, they're not likely to "proceed to check-out."
2. ***Give them the opportunity to check-out on every page.*** You should have a check-out icon on every page of your website. If people are shopping around and finally decide they are ready to make a purchase, they don't want to have to go back several pages to find out how to get to your check-out. Placing an icon on every page means that no matter where they are in their purchasing process, they can make that decision and get to the check-out quickly.
3. ***Avoid trying to get people to add to their carts once they've clicked the check-out button.*** This is a strategy many websites use but it more often than not annoys the customer rather than encourages them to buy more. I regularly purchase from a site that does this, and the only reason they get away with it is because they sell a specialty item I can't find anywhere else. Every time I go to check-out I am annoyed to be asked if I want to buy this, that or the other. If I wanted to buy those things, they'd already be in my cart!
4. ***Keep the check-out process simple.*** This is really important. The more complicated your check-out process, the less sales you will make. Make it easy to select the form of payment. Ask only for information you need (asking for a bunch of irrelevant personal



information turns people off and makes them assume they're going to get unwanted mail from you). Make sure your shipping charges are clear and easy to figure out. Nothing is more frustrating than a complicated process of figuring out how much shipping will cost, and then getting billed even more because you didn't do it right. Another important point – make it easy for customers to change their minds. Make sure they can easily change the quantity of items they've selected, or even the actual item. If they have to go back several pages to make changes, they won't finish.

5. ***Have proof of security.*** This is a huge issue for online shoppers. If you have agreements with recognized online security companies make sure their logos are prominently displayed on your website. Give written assurance that customer information is secure on your site.

Take a walk through your website from the perspective of a customer. If you get frustrated with any portion of your site, you can bet you are losing customers prior to check-out. Following these simple tips will help you get people to the check-out and actually finishing the purchase more often.

[Top](#)

Conducting Effective Reference Checks

Has this ever happened to you? You undergo the process of advertising for a position in your business. You do your due diligence and spend time checking over resumes and cover letters. You make a selection, do the interview and the person seems perfect. You take the last step and call the potential employee's references and they come out smelling like roses. You hire them, and within a few short weeks you realize you have made a big mistake. The person doesn't have the skills they represented on their resume, and you can't believe that everything you've gone through, including the reference checks, didn't give you some kind of clue as to what this person was really like. Let's face it, it's easy to misrepresent yourself on a piece of paper. It's even easy for some people to snow you in an interview, so the most likely place you'll get accurate information is from the people they've worked with. Since past performance is often the best indicator of future performance, references allow you to talk to past supervisors in order to determine if the applicant being considered is well-suited for the position. The problem is, most employers don't know how to conduct reference checks that will provide reliable information.

How to get valuable reference information from your candidate

Traditionally, a potential employee puts the names of people they want you to contact on their resume, or provides them when asked. The problem with using only this list, is that they will obviously choose people who will say what they want them to say. It is important that during the interview process, you get consent from the applicant to contact the references they have listed. However, in addition, you should ask the candidate if you can contact previous employers (especially if they are not already listed as references) or supervisors, or even colleagues in previous positions.

It is good practice to speak to two or three work-related references. Don't make the mistake of allowing the person to only provide personal references. This is a sure clue they are hiding something. If the candidates' current employers do not know they are seeking work elsewhere, then go to the previous employers. If the candidate says they do not want you to contact a previous employer (other

than for the reason that they are unaware the candidate is looking for work), ask them why. This forces the person to disclose information that will be valuable to you. A difficult work relationship or conflict with a previous employer may be the reason, but that doesn't necessarily mean this is a bad candidate. How they describe the conflict, steps they've taken to resolve (or not resolve) the situation will tell you a lot about that person.

Effective reference check questioning

It is good practice to ask each reference the same set of questions, giving you a consistent framework on which to base your decisions. All questions should be job-related. It is important to note that you cannot ask questions during a reference check that you are not legally allowed to ask during an interview. Here are a few things you should think about when creating your question list.

- ***Don't ask obvious, easy-to-answer questions.*** This is a mistake many managers make. Remember that most people, even if they have had a negative experience with an employee, are reluctant to say anything bad about them, and will try to hide those experiences by highlighting only the positives. A question like "can you tell me about this person's strengths and weaknesses" is as easy for references to fudge as a resume is for the candidate. These types of questions will give you well-rehearsed answers, but not ones that get you the information you need.
- ***Don't allow yourself to be rushed through this process.*** When you call a reference, ask if you can make an appointment to speak with them rather than accepting a few rushed moments they may have in the middle of what they are doing. If you let them know you'll need 15 or 20 minutes, they will be prepared for that and you won't feel as if you are an interruption. If the person is unwilling to give you that amount of time, it may be an indication that the employee didn't make enough of an impression for them to want to assist them in their career development.
- ***Ask "example" types of questions.*** Questions that force the reference to speak about the candidate's performance and character through examples are difficult to fudge. Here are a few examples:

 - "Could you tell me about a time when Kathy demonstrated her ability to show attention to detail under a tight deadline?"
 - "Can you give me some examples of Joe's troubleshooting skills on the job?"
 - "I'd love to hear some stories about how Susan demonstrated leadership while she was working for you."
 - "Teamwork is a very important aspect of the job Jake is applying for. Are there any situations that come to your mind where he showed his ability to work well with a team?"



Use these questions to springboard onto others. You'll soon get a picture of the candidate's performance. If the examples given are poor, you can probe a little further. For example, "It sounds to me like teamwork wasn't a real strength for Jake. Would you

agree that he had some challenges in this area?” Questions about the candidate’s performance are fair game, and if you sense reluctance it should be a red flag.

- ***Ask about the candidate's response to supervision, correction and feedback from others.*** The answers to these questions will give you invaluable information about the candidate.
 - “How did Nancy respond to her annual performance reviews?”
 - “Were there any times in Pete’s employment with you that he underwent disciplinary action? How did he respond to that process?”
 - “How did Greg respond to the feedback he was given by his supervisors?”

Using strong strategies for your reference checks will help you to ensure you get the most accurate and reliable information about your candidate. In the end, trust your instincts. If you sense the reference is hedging, not answering questions directly, or unwilling to provide the information you are seeking, it’s usually a signal for caution. You can also use the results you gained from your references as a foundation for a second interview, so that you can address the areas of concern directly with your candidate. Be a savvy reference checker and you’ll make better hires overall.

[Top](#)

Business Creativity and Innovation

Five Business Practices that Create Innovative Cultures

by Dr. A.J. Schuler

More and more, today’s competitive climate requires organizations to institutionalize the process of innovation - to plant the seeds of creativity that could utterly transform a business. Creativity necessarily involves the destruction of old - and sometimes comfortable and perfectly good - ways of doing business. But for companies willing to take the risk - and for leaders committed to building innovative cultures - the first requirement is to understand the creative process, and the second is to commit to policies that support the creative process. In order to build an innovative culture, leaders first have to understand the stages of the creative process, based on the work of Teresa Amabile, Ph. D., a psychologist at the Harvard Business School. The four key stages are: Preparation (information gathering and task coordination); Incubation (idea germination and creative synthesis, most often occurring on a subconscious level); Illumination (“aha” moments when solutions appear on a conscious level) and Execution (determination that moves the solution into action).

Leaders who want to create an innovative business culture must understand the steps of the creative process, but that alone is not enough. To promote business innovation, executive leaders should commit to the following business practices, and institutionalize them in the culture - by training managers in these practices and then doling out promotions and rewards to those who employ them successfully.

Select the most promising innovators, but encourage unexpected surprises: To build innovative “hothouses” in an organization, executives may want to cull out the most promising idea-generators and provide them with extra resources. Those are the people who can benefit most from the “buffer zones” in step two. But the other practices listed in this section should be generalized

throughout the organization, if possible, so that innovators in unexpected places will have the room to produce ideas and results. Leaders should train other managers to understand the stages of the creative process, and evaluate managers based on their ability to promote and shepherd through to completion new ideas that they encounter.

Create “buffer zones” for the most innovative people: Creating “buffer zones” means building a kind of protective cocoon around creative people or around the innovative teams within an organization. That means eliminating the ways that policies or other work pressures get in the way of or discourage the information gathering involved in the preparation stage. It also means being sure that the tools and resources are available when creative people go looking around for data or answers to questions. The executive leader for such a group should do the advance work and run the interference necessary to let creative people go through the preparation stage without interference or harassment.

Give innovators room to “play:” For innovators, anything they can do to mess around with the kinds of data or projects that they see as helpful - will be helpful. That can be hard to remember when they seem to have lost their minds, or to have lost their focus! But during the incubation stage, activities that may look like useless diversions - that may not even look like work - are all necessary to allow the deeper parts of the brain to solve a problem and make new connections. For typical results-oriented executives, this can be hard to do - especially when the creative team happens to be a team of executives working to create a new business process. The senior executive who may have assigned the task may be hard pressed to let his innovative team have the time and space to produce truly transformative solutions. The key to letting people have room to “play” is to refrain from judgment of their activities or methods.



Resist the temptation to look for immediate results: Any team can develop incremental solutions or recommendations. There is no business or technological process that can not be improved through study and modification. But to build a culture that truly encourages innovation, the pressure to get immediate results will yield only incremental improvements, and the need to meet deadlines can sometimes kill the creative process before the illumination stage. While it is true that deadlines can focus creative teams and encourage timely ultimate illumination, setting deadlines should not be overused because they often will interfere with the creative process. Close communication with creative people working on a project can help leaders develop a feel for when setting a deadline will help, rather than hinder the process.

Commit to driving the best ideas through to implementation: Innovators are seldom the best salespeople for their ideas. They are, by nature, more likely to work in isolation, play with their ideas, or generally rub others who are less creative the wrong way. The business leader who wants to encourage innovation must act as the first-line filter to test the best ideas and solutions, choosing which ones are the right ones to see through to fruition. Then the executive advocate must commit to the internal sales and marketing project to build coalitions that will bring the new idea into a reality. This takes courage and persistence, and an ability to work the political and social process involved in getting others to adapt to innovation. This is important, not only to reap the rewards of innovation in practice, but to encourage other innovators by showing them that their best efforts will actually be

adopted and see the light of day - in your organization, and not your competitor's!

Leaders who want to encourage business creativity must be sure also to build talent driven, positive cultures that place a value on learning. To see if your organization fits the bill, here's one quick test: can any employee at least two steps removed in the organizational chart openly ask a question that challenges a firmly held opinion of the CEO? If the answer is "no," then your organization is probably not as open as you think it is, and you'll need to reassess your culture if you genuinely want to promote innovation - and reap innovation's rewards.

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[Top](#)

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