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"The fact is that one of the earliest lessons I learned in business was that balance sheets and income statements are fiction, cashflow is reality."

Chris Chocola

This month's funny ...



Peter Rowe

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Clear Goals, Better Management, Bigger Profits, Happy People!

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Hi,

A *New Year* always prompts me to take a *New Look* at what I am doing, and what I really want from the business and life in general and it never ceases to surprise me how that *New Look* makes obvious so many *New Opportunities!*

It's as though those *New Opportunities* were always there, but were hidden from view by my Old Perspective!

The best favour I can offer this month is to share with you the Focus Template that I developed to keep myself clear about what it is that I can and want to achieve in and out of the business, and on track every day.

It works for me, and it will work for you - *if* you use it!

So, settle back, grab a coffee or tea, and enjoy this month's eNewsletter then, suitably inspired, [email me right away for the Template](#) - and then complete the first step in making 2009 the best year of your life!!

Enjoy!

Regards Peter Rowe

Director Profitune Business Systems

PS: Looking for an entertaining and informative presenter? For information about booking Peter to talk to your company or association, contact our Presentations Coordinator on info@profitune.com.

Goal Setting, Strategic Visioning, Mission, Vision Values etc



(Time to read this article: 9 minutes)

For each of the past three years, it's seemed appropriate to lead the January eNews with an article on Goal Setting, and to provide a Goal Setting template to get you started. Well, three times now that template has been among the most requested items for the year, so I'm going to stick to what's working for you!

The Sheer Necessity of Having a Vision & Sharing It

If you have a Vision for your business, now is the time to take it down from the wall, slip it out of the glass, and ask yourself whether it's still valid. I suspect that if you have been thinking about it and talking about it with your team during the year, you will be ready to tweak it ever so slightly to make it perfect.

If you don't yet have a Vision written out and known to all, then sit down now and do one! It's *that* important, and you're going to be amazed at the effect a well-thought-through and *articulated* Vision (you have to talk about it) can have in terms of aligning the activities and priorities of everyone on your team.

What is a Vision?

A Vision is a clear statement of what you want your business to become - the "Picture of Perfection" of how it could or will be.

I recommend you use Laurie Beth Jones's (*The Path*) approach:

She said your Vision Statement should be:

- A single sentence
- Understandable to a 12 year old, and
- Recallable at gunpoint.



Working Out Your Mission Statement

If you think of your Vision as "where we want to arrive", you can think of your Mission Statement as "the path you will use to attain your Vision".

As such, it needs to be a clear promise to yourself, your team and your Customers about what products and services you will provide, and how you will provide them, so as to achieve your Vision.

Why Values Are "The Most Important Thing In The World"

"Values" are the words or short phrases you use to answer the question, "What is most important to you in the context of your XXXX" where XXXX can be "your business", "your role in the business", "your relationship with your children", etc. As such values are "contextual" - ie, you may find yourself giving different answers for the values you hold dear in different contexts.

Defining your values is like defining the boundaries of your Mission Statement, the boundaries of the path you will follow to achieve your Vision. Values are the limits beyond which you will not go in pursuit of your Vision. For example, if one of your values is "safe workplace", everyone in your business will understand that safety will not be sacrificed for profit.

Thus, when you are clear on your values, and when you have shared those with your team, there is little need for a lot of rules since most "rules" (i.e., the right thing to do in a situation) can be inferred from applying your values.

Verne Harnish maintains that the habits that made JD Rockefeller rich were:

- Have a small number of rules (values)

- Repeat yourself often
- Act in accordance with your rules.

If you don't have well-known and clearly articulated values, then you *need* a lot of rules!

Without Goals Everyone Underachieves



Sports psychologist Randall Rattan said, "Difficult goals, when accepted, result in superior performance," and the corollary to that is that, "without challenging goals you will experience performance that is less than what is possible".

A moment's reflection on the fact should convince you to allocate time right now to negotiating goals with yourself for your personal and professional journey; negotiating goals with each of your team members so that you create opportunities to praise and recognise - and occasionally - reward them.

Any person in your business who does not have two or three clear key performance indicators (KPIs) upon which they are focussed, is underperforming, is under-motivated, and is under-rewarded and under-recognised. Now that you know that, I'm sure you'll address any such oversight really quickly. ;-)

Taking Things to the Next Level

If you do a good job on negotiating, clarifying and articulating your Vision, Mission, Values (VMV) and Goals, and if you find that those simple steps make a material difference to your own and to your business's performance, imagine how much better things could be if you involved a trained professional to take you to the next level?

I had the pleasure a few months ago of working through the VMV exercise with the five directors of a 200-employee company. They were surprised at what they experienced in the space of four hours as we teased these vital concepts from their minds and out into the light of day where they could be shared with their whole team.

They have been even more surprised over the ensuing months as they've witnessed the subtle, yet powerful and growing effect that sharing these concepts has had on their entire team.

You probably owe it to yourself and your team to go through this exercise. If you'd like more information, please just pick up the phone and dial 1300 2PROFIT (or [email me](#) with your contact details and I'll be in touch).

Being Happy



(Time to read this article: 8 minutes)

Why So Glum?

The so-called "news media" devotes 90% of its time and space to the bottom 2% of the population - the 2% who lie to, cheat, steal from, assault and kill other people. Another 9% of editorial space covers sport and gambling, leaving a very thin 1% to cover the good-news stories about the other 98% of the population - you know, the honest, charitable, positive, kind and healing people leading productive lives and creating a great community and nation! The rest of us!

So, to do our bit to balance things out, we're going to devote 98% of the space in this article to studying some very positive and successful habits and strategies that happy,

fulfilled, productive and positive people use to create a great life for themselves, and a range of great products and services for a whole host of other nice people.

Those positive and productive folk were studied 60 years ago by behavioural scientist Abraham Maslow and his findings are still totally valid today. The individuals Maslow chose to study lived abundant lives, made the best use of their talents, skills and knowledge, and exhibited the highest levels of mental health.



Maslow called them "self-actualisers".

Self-Actualisers

"A musician must make music, an artist must paint, a poet must write, if he is to be ultimately happy," said Maslow. "What a man (or woman) can be, they must be. This need we call self-actualisation."

From his study of these positive and fulfilling individuals, Maslow distilled 16 characteristics that define them. You might like to check yourself against the list to see how you score on each point. Rate yourself 1 if you have a lot of work to do, up to 6 if you have the point nailed:

How Do You Rate On The Self-Actualisation Scale?

Score Yourself on This Characteristic or Behaviour		Score
1.	Openness to experience. Self-actualisers are eager to undergo new experiences and rethink old ideas.	
2.	An efficient perception of reality. Self-actualisers see things as they really are, not as they imagine or wish them to be.	
3.	Acceptance of self, nature and others. Self-actualisers rarely feel anxious, guilty or ashamed. They are confident in themselves and their ability to solve problems.	
4.	Spontaneity and naturalness. Self-actualisers are genuine in their relationships. They do not wear masks or play roles.	
5.	Focus on outside problems. Self-actualisers are not self-obsessed. Their focus is on a general "mission" to which they devote their lives.	
6.	Detachment and privacy. Self-actualisers crave solitude and time for quiet reflection.	
7.	Continued freshness or appreciation. The self-actualising man or woman experiences joy in simple, everyday things: sunsets, starry nights, children laughing, autumn leaves.	
8.	Peak experiences. Self-actualisers experience strong, positive emotions akin to ecstasy. This may include a deep sense of peacefulness or tranquillity.	
9.	Empathy. Self-actualisers are more willing to listen to and learn from people of any class, race, religion or ideology.	

10.	Interpersonal relations. Self-actualising people tend to have relatively fewer friends, but those relationships are likely to be deep and meaningful.	
11.	Democratic character. The self-actualiser recognises we all have strengths and weaknesses, but that we share a common humanity and equality	
12.	Discrimination between ends and means. Self-actualisers work to achieve desirable ends, but avoid wrong or hurtful means to achieve them.	
13.	Philosophical sense of humour. Self-actualisers enjoy humour but not at the expense of others. (As Goethe said, "Men show their character in nothing more clearly than what they think laughable.")	
14.	Creativity. Self-actualisers enjoy using their creative abilities, whether it's writing, drawing, music or woodworking. (Maslow once remarked that a first-rate soup is better than a second-rate painting.)	
15.	Resistance to enculturation. Self-actualisers are not dependent on the opinions of others or the conventions imposed by society. They have a keen sense of who and what they are.	
16.	Awareness of imperfections. Self-actualisers are not saints. They have weaknesses and shortcomings like everyone else. But they are aware of them.	
Total		

The Self-Actualisation Path

Self-actualisation is not a goal, it's a way of looking at Life as a journey of self-improvement.

"One's only rival is one's potentialities," said Maslow. "One's only failure is failing to live up to one's own possibilities. In this sense, every man can be a king."

Moving along the path chosen by self-actualisers is a matter of shunning the safe, avoiding the comfortable and disturbing the routine, and continually looking for small challenges against which to grow.

The path can be as simple as taking a different route to work every day; buying a different paper or magazine to your habit; varying your diet to include things you would never normally eat; and being prepared to listen longer and think harder to a point of view that you would normally dismiss or ignore.

Self-actualisers are very aware that they have the opportunity to grow every time they face a choice. It's simply a matter of taking "the growth choice" over the comfortable, the familiar and the habitual "dead choice".

With a New Year before you, would now be a great time to take a new path?

Cashflow Options - Debtor Finance



(Time to read this article: 2 minutes - and worth it!)

A *Debtor Finance Facility* may be the answer to unlocking the true cashflow potential for your business according to Bank of Queensland's Marissa Robbins.

Why would I plug BoQ ahead of other banks? Because Marissa and her boss actually asked to talk to us about this, then travelled to meet us at our office. That's a bit different for a banker these days, and we were impressed.

Other People Using Your Money

In business, cashflow is king - the foundation of growth, the key to new opportunities, the cornerstone of competitiveness and the secret to staying in business, long-term.

Cash gives us control in so many situations and yet, competing with this fact is the (sometimes correct) perception that if we don't offer our customers credit terms (an interest-free loan), they won't deal with us. So we do - and so we lose control of our money for anything up to 90 days while our customer uses it for nothing.

Our cash in other people's hands could be costing us opportunities to buy more stock at better prices; opportunities to invest in a rising market; opportunities to invest in advertising that may create new sales. You get the picture.



What is Debtor Finance?

Debtor Finance is a working capital facility that is directly linked to the value of your unpaid receivable invoices. In simple terms, the bank will pay you on the face value of your outstanding invoices, charge you a small fee, and wait for repayment directly from your Customers when they settle their accounts.

Debtor Finance makes sense if you:

- Experience rapid expansion and have to buy more stock and equipment to meet rising demand before you are paid for the last batch of sales.
- Have few or none of the traditional "fixed assets" that banks ask for as security for loans.
- Experience a period of tighter than usual liquidity for any reason.
- Want to ramp up for a big season but find cash short at the outset.
- Find your debtors paying slower than usual (a common issue in the current slow-down) .
- Any or all of these could cause you cash challenges if your traditional loans or overdraft facilities are not flexible enough to cover your working capital requirements.

Debtor Finance Basics

Most Debtor Finance arrangements offer the following advantages:

- Upfront cash within 24 hours of issuing your invoices.
- Discount proofing since there is no need to give discounts or incentives for speedy payments.
- Discount advantage - having your own cash on hand may put you in a strong bargaining position with your suppliers.
- Your real estate (or home) stays out of the business and the bank's clutches because your accounts receivable are the prime security, sparing your personal assets.
- With cash on hand, you can save the attention you used to devote to collecting your money, and apply your energy directly and exclusively to the money-making activities of your core business.
- You gain flexibility and avoid the cash-squeeze that rapid growth can create because your level of cash on hand is directly related to your level of sales activity. As your sales grow, so does your Debtor Finance facility.
- You get 80% of invoice value immediately, with the balance as your debtors settle their accounts with your bank.

What does it cost?

There are two primary costs associated with Debtor Finance.

1. Interest payable on actual funds drawn from your facility. This is calculated daily and paid monthly in arrears - much like an overdraft facility.
2. An administration fee, calculated on the value of invoices you submit for funding.

We're told that "other fees and charges may apply".

For More Information

As I said, a banker who'll get out of their office to come to us is worth knowing so we're happy to suggest you talk to Marissa Robbins, Business Development Manager at BoQ on 0408 719 555.

How To Get Your Bills Paid Quicker



(Time to read this article: 1 minute)

From Jurek Leon's [eNewsletter](#) (one of the very few I read regularly) here's a no-cost solution to improved cashflow:

A UK survey by PriceWaterhouseCoopers and the University of Bradford of 3,000 businesses showed the benefits of customer service: The study found that where there was high customer satisfaction then, on average, bills were paid at least 14 days earlier than where there was poor customer satisfaction.

So, customer service improves cashflow as well as positive word-of-mouth!

Three More Productivity Basics



In the November '08 edition we nominated "[Increase Your Productivity](#)" as one of only four ways to increase profits and then focused down onto increasing "human productivity" by acknowledging ten common behaviours, the first three of which were:

1. People move away from discomfort and towards Comfort
2. Negative reinforcement promotes erratic responses
3. Consistent reinforcement quickly sets behavioural patterns

We'll take a look at the next four in that series here:

4. Rewards Can Cost A Lot, But Be Valued Little

"Rewards" generally have a cost, so if you have a strong, rewards-based system of reinforcement, it has the potential to be expensive. In other words, you almost have to "buy" or "bribe people for" the desirable behaviour.

Ironically enough, while that may be seen as a bad outcome from your point of view, it is almost invariably seen as a poor arrangement from the point of view of the "bribee", too!

Recognition, on the other hand - acknowledgement, praise, gratitude, icons such as trophies and awards - are usually low- or no-cost items, and yet uplift and honour both parties. Continuing the irony: Bribes can lose their effectiveness (they have to be bigger and bigger to work) while recognition just seems to keep going and going.

So, if recognition has a low cost but a high perceived value, what could you do to apply this principle in your business to uplift and empower people, while shaping their behaviour to provide better outcomes?

5. Three Parts Recognition To One Part Reward Is The Best Glue

Experience has taught us that pure recognition can look a bit thin after a while, and consistent, long-term pure reward systems just "rot" and cease to work, so what is the ideal balance.

Start with providing three parts recognition (and make it different types of recognition: public praise, an award, promotion, etc), to one part reward and, where possible, keep the reward non-monetary. You'd be surprised how little value may be placed on a \$100 reward, and just how much value may be placed on two Gold First Class Theatre Tickets, or a meal for two (of the same or even lesser value).

I know of at least one case where a winning real estate sales team were "rewarded" with a trip away together for two years and, in the third year, when the reward was swapped to a cash equivalent, the entire team underperformed. They were demotivated by being offered money in place of a fun holiday together.

If you were to design a "recognition-and-reward system" that fitted your operations, what would it consist of?



6. People Can Learn To Expect A Better Outcome

"Positive people produce more consistent and more positive results." There is likely to be no surprise for anyone in that statement - but not everyone who joins your team in necessarily going to come in with a positive orientation (though we hope this would be among your selection criteria).

One of the more rewarding tasks of any leader is to lead their team members to dream a better outcome, and to then to move them to achieving that dream.

If you help people to achieve in a team, things that they believed were beyond them individually, they will do practically anything to maintain or repeat the feeling they derived from that achievement.

What can you do to encourage your team to "dream big" and then to Coach them to achieve that dream? What is that likely to do for morale (yours and theirs)?

7. Good Feelings Are Rewards

When you make someone feel good about themselves, and about what they are achieving - or even what they are "working towards" - you are already creating a form of reward that we all value. We tend to come back to situations that give us that type of feeling; tend to do the things that will invoke them again.

On the flip side, bad feelings about failure or lack of progress or frustration or lack of appreciation, are "punishment" (or at least "pain") of a sort and we naturally tend to avoid situations, activities and people that give rise to them. (For an excellent story on the cost to productivity and morale caused by a toxic workplace, read "Fish" by Stephen Lundin).

We can extend this one a little further and look at the fact that consciously creating a warm, nurturing, physically and emotionally safe workplace will be seen (by the good folk, at least) as a form of on-going reward that you create for them, and they'll tend to be uplifted by it.

How could you employ this particular insight in your work situation? What is likely to be the response if you did?

The Last Three

The last three behaviour facts of which any good leader must be aware are:

8. Can optimism be its own reward - and motivation?
9. Why focus on the behaviour?
10. Whatever you focus on will increase.

If you'd like the full set of [Ten Motivation & Productivity Basics](#), just click.

Thoughts on the Subject of Cash



Today you can go to a gas station and find the cash register open and the toilets locked. They must think toilet paper is worth more than money.

Joey Bishop

Education is a wonderful thing. If you couldn't sign your name you'd have to pay cash.

Rita Mae Brown

Sometimes I am two people. Johnny is the nice one. Cash causes all the trouble. They fight.

Johnny Cash

The fact is that one of the earliest lessons I learned in business was that balance sheets and income statements are fiction, cashflow is reality.

Chris Chocola

The rest of the world wants our cash; we like plastic.

Bill Janklow

Money is the poor people's credit card.

Marshall McLuhan

We forget that money gives its value - that someone exchanged work for it.

Neal O'Hara

From birth to age 18, a girl needs good parents, from 18 to 35 she needs good looks, from 35 to 55 she needs a good personality, and from 55 on she needs cash.

Sophie Tucker

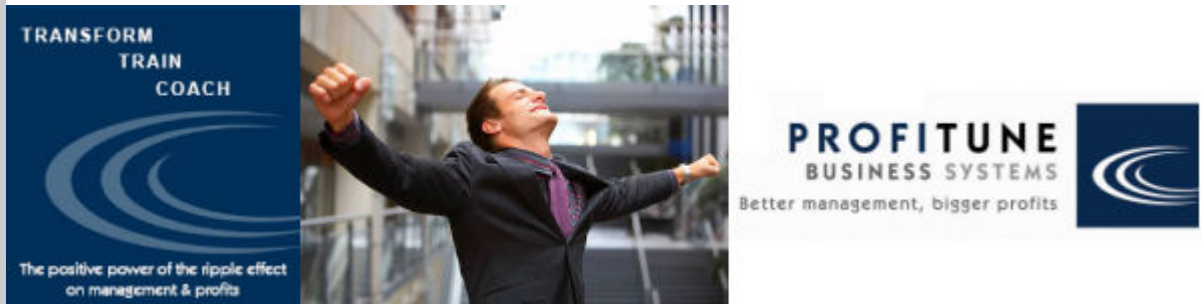
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