



DIRECTIONS

A QUARTERLY NEWSLETTER FROM THE COMPETITIVE BUSINESS STRATEGY GROUP

Alternatives to "Slash and Burn"

FEATURES

ALTERNATIVES TO
"SLASH AND BURN"

CBSG NEWS

MAKE CUSTOMERS
HOT FOR YOU

SALES PRESENTATIONS
FOR THE 21ST CENTURY

NOTABLES

QUOTABLES



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Not long ago executives did everything in their power to *avoid* layoffs, and with good reason, layoffs were one of the fastest ways to end the game for good. These days, layoff announcements are literally a daily occurrence—Motorola, Cisco, Kodak, Hewlett-Packard, Texas Instruments—and these companies only scratch the surface. We don't want to go off on a rant, but it's clear that many executives are using layoffs instead of good, sound management as the way to achieve long-term growth and profitability.

Layoffs are often the outcome of a neurotic chain reaction. Wall Street's hyperactivity over near-term economic prospects and its never-ending preoccupation with quarterly profit numbers cause senior executives to get jumpy. They become consumed with the need to show the Street that they're "responsive," so management does a quick fix to the financials. The only real deliberations are over how much fixing the financials need (i.e. how many bodies to cut) and how to spin the press release. (No doubt, the release will blame some external factors and explain how this action will improve long-term stability—anything to explain away management's ineptitude).

It gets better.

While investors reward the company with some short term stock price stability, middle managers and employees go berserk—someone has to figure out who stays and who goes—which,

of course, must be done without impacting product quality, productivity or servicing customers. Right.

From our vantage point, far too many business leaders have either lost sight of, or were never mentored in a few tried and true people management principles. Admittedly these values are low tech, simple, and to some they may even sound a bit hokey, but they continue to serve our company and our clients well—achieving structural labor cost reductions without resorting to layoffs.

1. **Smart, loyal employees are the company's greatest assets.** Even if your best people survive a layoff, the uncertainty propels them to look elsewhere. Any sense of loyalty is destroyed in the employees that remain.
2. **Treat employees the way you would want to be treated.** They know when you're jerking them around. Be fair and honest in your dealings and employees will reciprocate by going the extra mile.
3. **Be prudent and wise when hiring new employees.** Justify hiring decisions as any capital investment viewing the commitment over the long-term. Will you need the skills/positions/people five, perhaps ten years from now? If you decide to go forward, keep searching until you find what you're looking for. Never, ever "settle."

(continued inside)



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EDITOR NOTES

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CBSG II E U S

→ We knew spring was here when we recently visited our good friends at the ING Services Center in Minot, ND and the weather was beautiful.

→ Besides the beautiful weather, our trip was especially fulfilling, as the ING/Northern Annuity common remitter service was a reality. The project team from Seattle and Minot worked hard to deliver common remitter to **Barrett Financial** and the **Atlanta School District**. Now that **ING, Reliastar** and **Aetna Financial Services** have merged, we are looking for potential areas of integration with their worksite business unit.

→ We are always happy when we have the opportunity to work with **Lincoln Investment Planning**. We have started business analysis and planning sessions with one of Lincoln’s branches.

→ CBSG held its Advisory Board meeting in March. 2001 marks our 5-year anniversary so we want to take this moment to thank our Board for their advice and counsel over the years. Thanks to **Marikay Swartz, David Scheuring, Bob Tallon, Gene Preston, Tom Forst, and Robert Colleluori**.

→ CBSG spoke at **Kades-Margolis’ Winter Sales Conference** where we offered ideas and strategies to help the sales force move from a transaction-based business into a fee-based environment.

→ We presented at the February **HSMIAI** meeting on Customer Relationships. (See **Notables** section for reactions.)

We also spoke on May 9 at the **PNC Bank/Greater Philadelphia Chamber of Commerce Roundtable Series** as experts in customer relationships. ←

Make Customers Hot For You

How would you like to improve your love life and increase sales at the same time?

CBSG has the answers to both in a new one-hour seminar entitled **Make Customers Hot for You!** It outlines our innovative approach to the sales process and building long-term customer relationships by comparing them to love relationships. An excerpt follows:

Forever is a Long Time

“Once promises are made, we (the company and the customer) start our life together with great expectation and breathless anticipation.

But there’s a basic problem. The customer, having entered into a nurturing and supportive relationship, goes to bed with Tom Hanks and wakes up with Hannibal Lector.

The salesperson hands the customer off and moves on to the next sale. The rest of the organization is responsible for the on-going relationship.

This wouldn’t be so bad, but sales and service have competing interests and egos that make it difficult to continuously meet customer’s needs. This manifests itself even in how sales and service people view their roles.

Sales believes customers need everything “now.” They focus on “instant” gratification. Product or service delivery should be quick and easy.

Service believes that customers want it right. It’s about process, about being efficient. Making customers happy no matter how long it takes!

While both groups have the interest of the customer at heart, it is the customer who suffers from this “conflicted” environment. ←

Alternatives to “Slash and Burn” (continued from front)

4. **Deal with performance problems.** If a computer isn't working right, you try to fix it. If it still won't work, you replace it. Communicate expectations and provide reasonable support when performance becomes an issue. If things don't improve, suck it up and do what needs to be done.
5. **Develop a flexible workforce.** Plan for future workforce needs by implementing employee cross-training and management rotation programs. With well-trained, adaptable employees, you can align and reassign people to respond to changing market conditions.
6. **Cut back hours.** Simply reducing the paid workweek from 40 to 37.5 hours will reduce labor costs over 6%. Having employees take unpaid time off—say one day every other week—achieves a 10% reduction.
7. **Keep expenses in check particularly during good times. Cut corporate fat first.** Make sure the cuts are shared—no one is immune—from

the executive suites to the service desks. In the end, saving \$50,000 here, or \$100,000 there, keeps people employed.

The value of layoffs is as much of a fallacy as the “profit potential” of Internet start-ups. The dot-com “gold bust” only reinforces the point that building a profitable company takes many years. Using these tools fits a long-term, value-based approach that, over time, boosts morale, performance—and profits. ◀

Partner Aside

Maybe it's time that corporations manage their workforce like professional sports teams. Don't just look to the players as the reason for declining profits. If you're looking to cut costs and make significant changes to the team, fire the Coach!

Suzanne Baldino Jones—Partner

Sales Presentations for the 21st Century

The sales presentation is integral to the sales process. It provides an opportunity to show a prospect what you have to offer in its best light. We find too many of our clients continue to tweak and enhance presentations in that old didactic instructional style—lower the lights and talk and talk and talk.

Thanks to television, video games and the Internet, information reaches us faster and louder with much visual stimulation. Americans are now conditioned to consume information at a breakneck speed.

America's executives are no different. Their attention spans are short and their boredom factor is almost immediate. Your sales presentations must reflect these new age audience demands. Try these six ideas to modernize your sales presentation and watch the results:

1. **Uncluttered!** Slides should be clean and have some graphical impact—don't get too cute with graphics—they become distracting.
2. **Think Brief.** Create presentations like sound bites. Be brief. Create high impact message points.
3. **Move Around.** The presentation and your voice are not enough. Move during the presentation to create additional visual stimulation.
4. **Be Interactive.** Don't fall in love with the sound of your own voice. Ask questions and listen.
5. **Present with Passion.** Believe in what you're selling and the audience will respond. ◀

HIGHLIGHTS

Notables

In February, CBSG's partners were the keynote speakers at the **Greater Philadelphia Chapter of Hospitality Sales and Marketing Association International.** We spoke on *“Customer Service...As a Competitive Business Strategy.”*

Nick Dominijanni, Chapter President, had these nice words to say about our presentation. “The topic...was just perfect! Everyone who attended was greatly impressed (including myself) with the way you interacted with each other throughout the presentation.” (One attendee made the comment... “I'm sorry that it had to end, I was having such a great time.”)

Thanks for the kudos, Nick!