

# Bottom Line BUSINESS

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Success Secrets for Business Owners

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## Business outlook

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Rutledge Research

### Slowing Economy... Business Benefits

**T**he Federal Reserve Board's hard-fought campaign to shield the economy from inflation has paid off.

The second-quarter Gross Domestic Product growth rate of 5% represents a major moderation from the 6.5% to 7% that had the Fed so concerned in 1998 and 1999. And low inflation—at 2.5%—should hold for many months.

Looking forward, consumer spending will continue the slowdown that began earlier this year.

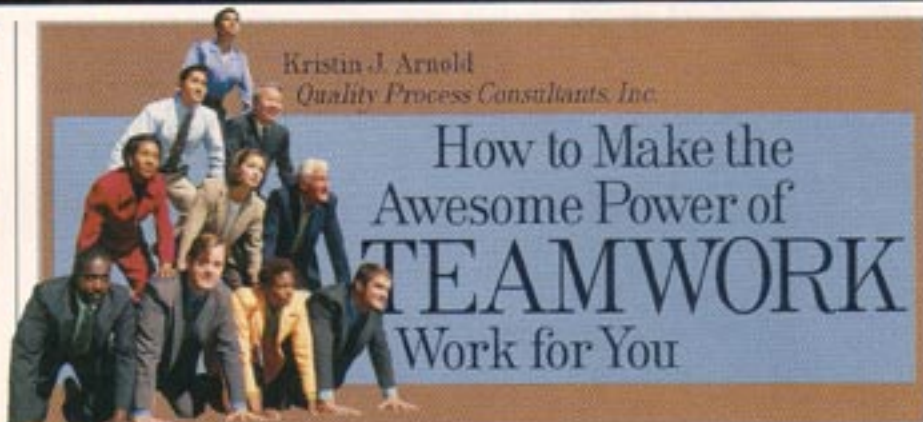
**Ideal:** The economy will slow but not go into recession. Not only would that bring an end to higher interest rates, it would create the possibility of rate reductions by the Fed in the second half of 2001.

One way or the other, short- and long-term rates will decline, as mortgage rates already have.

**Advice to business:** Slowing growth means that you may want to delay plans for boosting production. And—now is a good time to begin renegotiating high-rate debt.

**Energy outlook:** There's mounting evidence that the worst of the energy price increases are behind us. Energy surcharges will add a bit to the cost of business travel. As consumer spending ebbs, competition will intensify throughout the economy, thereby preventing most companies from passing along higher energy costs.

*Bottom Line/Business* interviewed Deborah Allen, PhD, president, Rutledge Research, financial and economics consultants, Williamsburg, Virginia.



**M**arketing team...development team...customer service team...accounting team. How many times have you heard these or similar terms in an average day? If you're like me, the answer is—*too many*.

Sadly, because the word "team" has been so overused, it has lost its meaning to many business owners.

In my consulting work with small companies, I try to restore respect for the term "teamwork"—because it still has huge significance.

#### WHY TEAMS?

A "team" is any two or more people who join up to achieve a desired outcome. *That means that, even if you have only one employee, you can form a team with him/her to...*

- Brainstorm solutions to problems that have troubled you.
- Create quick responses to changing customer needs.
- Manage complex projects.

Teams don't have to be formal. By carefully matching up skills and personalities among your employees you can create extraordinary teams—ones that accomplish their desired results quickly, efficiently and effectively.

#### TEAM INGREDIENTS

Of course, having the perfect blend of personalities and skills is not the

only thing a team needs to excel. *You must coach them to develop...*

•**Clear goals.** Everyone on the team understands the purpose and direction of the team and works together to push for success.

•**Shared roles.** Team members understand their roles but are willing to share roles with others—and pick up the slack for the sake of the team.

•**Open and honest communication.** Team members must speak clearly...listen carefully to each other...freely discuss issues...and provide ongoing feedback.

•**Effective decision making.** Successful teams are familiar with and use many different decision-making techniques, including consensus...majority vote...decision-by-expert, etc. Make sure the method that works best is implemented by the team.

•**Appreciation of each other's strengths.** Team members must be recognized and valued for the unique contributions they make—in terms of ideas...thinking styles...experiences...and opinions.

•**Constructive conflict-management systems.** Though it's often

*Bottom Line/Business* interviewed Kristin J. Arnold, president of Quality Process Consultants, Inc., a firm specializing in team building and business planning, 48 W. Queens Way, Hampton, Virginia 23669. She is author of *Team Basics: Practical Strategies for Team Success* (QPC Press).

## Letter from the editor

### Cash: How to have enough of it—all the time—no matter what



"Cash is king" may be a tired cliché. But I am still amazed at the huge number of seemingly healthy businesses closing down because of a "cash crisis," especially in an economy so strong it is supposed to be boosting the financial fortunes of all businesses.

Curious as to why so many businesses still have cash troubles, I contacted Bob Sullivan, a prominent management and finance consultant and author of *The Small Business Start-Up Guide*.

In the course of our discussion, Bob confirmed something I had suspected—having enough cash at all times is largely a matter of shrewd forecasting. Not five or 10 years into the future, but six to 12 months ahead.

"How hard could that be?" I asked. "It's not," said Bob. "But—one big reason companies end up in cash-flow hell is that they neglect to include one crucial element in their cash forecasting: *Worst-case scenarios*."

It's easy to gauge your cash needs by keeping close tabs on your monthly expenses and revenues, and then using recent figures to project future needs. "But," says Bob, "overlooking such *what ifs* as a sudden sales slump...loss of a major customer...unexpected legal problems...etc., can prove fatal."

I asked Bob what owners should do if they don't have the cash now to put away. *His answer*: Set up a line of credit at your bank. You don't pay interest until you actually draw from the credit line...and in the meantime, it serves as a financial cushion in the event of a costly *what if*.

*Peter Goldman*

painful, successful teams outline strategies for conflict resolution and deal with differences head-on.

•**Cooperative climate.** An effective team encourages everyone's participation, trust and openness. Its members must feel equally committed and involved as they work to reach the desired goal.

#### MAKING IT HAPPEN

These key elements don't just pop up by themselves when you put a bunch of people together and say, "You're a team. Go to it."

However, the easygoing, cooperative environment that many small businesses enjoy is the perfect setting for cultivating successful teams.

**Trap:** Some employers lose the benefits of this easygoing environment by neglecting the delicate task of team design. They throw employees together without giving them a clear understanding of the group's purpose—or how to achieve it.

You *can* design a team for success without losing the spontaneity and camaraderie of the small-business setting. *Here's how...*

•**Have a goal.** Before assigning a group of people to work together as a team, decide what exactly it is you want them to accomplish.

Then, create what I call a *Goal Statement* that spells out the specific result the team is expected to accomplish and by what date the goal is to be achieved.

**Example:** One goal may be to attract 20 new customers by Thanksgiving...or to design an improved inventory system by June 2001.

•**Select 10 or fewer employees to be on the team.** A team with more than 10 members becomes unmanageable.

Give considerable thought to the team goal, and choose people with the right set of skills to accomplish it...and the right personalities to get along well.

**Example:** A team with a goal of designing a growth strategy for the coming six months should include representatives from a variety of functions and levels—including an accountant...a manager...a stockperson...even the

receptionist, since he/she knows your customers.

As for personalities, you should put together a detail-oriented person... a big-picture person...a fast-paced person...and a moderately-paced one.

•**Write it down.** Before the team's first meeting, put together a "charter" that restates the team's goal and offers guidelines for functioning and decision making. The charter can be reviewed, debated and revised during the team's first meeting. *The charter should...*

•**Figure out the logistics.** When, where, how often and for how long will the team meet? How will team members' day-to-day work get done while they're involved with the team? How will decisions be made—by consensus, command, majority vote, etc.?

**Example:** Kara, a project team leader, was frustrated about her team's lack of productivity. But when she changed the rules for meetings—so they had a written agenda...ran on time...and ensured that everyone had a say—the spirit and progress of the team quickly improved.

•**Supply appropriate resources.** What resources, such as money, training, specialists, support, equipment, supplies, etc., are needed by—and will be provided to—the team?

•**Establish checkpoints.** At what intervals do you expect the team to check in and alert you to its progress—and to seek your help in getting around stumbling blocks it encounters?

•**Create feedback systems.** How will team members communicate with each other? Will they take turns voicing ideas, thoughts and concerns? How will they communicate with you?

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