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ChangeAbility
The Newsletter of Redpoint Business Coaching
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Welcome!

You are reading ChangeAbility, a newsletter from Redpoint Business Coaching run by Urs Koenig PhD, MBA.

ChangeAbility is a bimonthly newsletter bringing you hands-on tips and cool resources for starting or building your business.

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I If You Change Nothing Else In 2005, Change This!

During the course of 2004, I was fortunate to coach and consult more than 50 business owners from a variety of industries. As the year draws to an end, I ask myself, *what are the most common challenges for my clients and what do they need to change to make 2005 an even more successful business year?*

Here are the three key areas I found:

Delegate more

Know Your Financials

Make better hiring decisions by interviewing more effectively

++Delegate More++

A lot has been written on how to delegate. In my view, one of the best approaches was described by Marshall Goldsmith, a fellow coach, in the June edition of Inc. Magazine:

Set up one-on-one meetings with each of your direct reports. First confer with each person: "Let's review your key areas of responsibility. Are there places where I can let go? Do you see me doing things at my level that I don't need to be doing? Are there activities I could be delegating to others?"

Then ask, "Are there other instances where I can make a difference by being more involved?"

The responses will allow you to focus your time and energy on the areas where you add most value and let go of others.

I guarantee that each of your direct reports will have at least one good idea of how you can delegate more while simultaneously developing the skills of your staff

Make sure you then IMPLEMENT the suggestions given to you. And remember: one of the main reasons many of us find it difficult to delegate is because of our need to feel important and needed.

++Know Your Financials++

Too many business owners put their heads in the sand when it comes to financials. The excuses are numerous: "I am just not a numbers person," or "I am a sales person; financials are not for me," etc., etc.

The truth is, if you do not want to deal with financial statements at all, do not go into business on your own!

You can (and should) hire people who can do all the number crunching for you. It is your responsibility as the owner, however, to review your company's financial statements on at least a monthly basis and take corrective action if needed.

Remember an analogy I have used in the past: much as competitive athletes regularly assess their performance in order to plan and fine-tune their training, business owners need to assess the financial fitness of their business. The finest athletes don't succeed on luck, and neither do the most successful entrepreneurs.

Ask yourself:

+Am I on top of my financials? (e.g. can I, by the push of a button, find out how much cash I have in the bank, how much I cash I will receive over the next month, and how much cash I will have to pay out over the next month?)

+What do I need to change, so that I will be reviewing my financial statements monthly?

+How well do I understand my financials? What sort of training/education/reading do I need to do in order make better business decisions based on my financials?

++Make better hiring decisions by interviewing more effectively++
Ninety percent of interviews conducted are simply nice chats about the candidate's skills and experience. This is not good enough!

Your interview needs to be a roll-up-your-sleeves, hands-on meeting where all the focus is on the job.

A week before the interview, call up the candidate and say the following: "I want you to show me how you are going to do this job. That is going to take a lot of homework. I suggest you read through our and our competitors' websites, review the following publications and speak with these three people. When you are done you should have something useful to tell me." This will eliminate 9 out of 10 candidates. Only those who really want the job will put in the effort (note: you might choose to adapt this assignment according to the type of business and position. The point is to have the candidate prepare for a real 'working meeting').

In the actual interview, you should expect the candidate to show you how hiring her will benefit your business. This means you should expect her to walk you through how she will help to solve the company's challenges step by step (or even demonstrate certain skills on the spot if it is a more hands-on job).

The details do not need to be right, but if the candidate demonstrates an understanding of your most pressing issues and lays out a clear plan of

attack, adding something to your bottom line - you have an excellent reason for hiring.

II Tax Time Is Around the Corner: Don't Try to Outsmart the IRS

It's another Tuesday morning at my client's (let's call her Sarah) retail store in Seattle. A shopper looks a bit lost in the aisle, and Sarah approaches her with her usual friendly greeting: "Hi, how can I help you?" The shopper responds, "Well, actually I am looking for the owner Sarah." Sarah smiles and says, "Well, that's me."

The shopper opens her jacket, pulls out a badge, waves it and says: "IRS Agent Miller; let's talk in your office."

Ask yourself right now: how would you feel if that happened to you? Are you up-to-date with all your taxes, and even more importantly, would you be comfortable having your financials and files scrutinized by an IRS agent?

If not, make sure you address these issues with your CPA. Be sure you are comfortable with how aggressive or conservative your CPA is when preparing your books, and make sure you hire someone who matches your risk profile. Remember: you, as the business owner, are responsible for your books: not your book keeper or your CPA..

Above all, don't run personal expenses through your business. Of course, you say, everybody knows this, but it is worth repeating: don't try to disguise personal expenses as business expenses. It's called ++self dealing++ and it can really get you into trouble. In extreme cases (family cars and furniture and kid's college tuitions being paid by the business, for example) the IRS will issue a fraud penalty of up to 75 % of the taxes owed.

As it happens, my client Sarah did none of this. She missed a few payroll tax payments. After collecting the missing checks and slapping Sarah's wrist, Agent Miller was out the door.

III Upcoming Workshops

BUSINESS START-UP WORKSHOP -- "THINKING OF BECOMING YOUR OWN BOSS?"

If you are thinking of, or are in the process of, starting your own business, or if you want to learn how to run your business better, please join me for this 3-hour workshop at Centerpoint, Seattle's leading center for life and career renewal, based next to the UW campus. For more information, please send me an email or check out: www.centerpointonline.org.

The workshop will be offered on:

- January 11th, 6 pm to 9 pm
- March 8th, 6 pm to 9 pm

The fee is \$54 for non-members and \$45 for Centerpoint Associate Members.

+++++LET ME KNOW WHAT YOU THINK+++++
Simply reply to this newsletter. I welcome your feedback!

ChangeAbility is a publication of Redpoint Business Coaching, which is run by Urs Koenig PhD, MBA
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