

From Chaos to Order

**How to Grow and Protect
Your Lifestyle Business in
Today's Crazy Economy**

by Don Phin, Esq.

Here's what a few entrepreneurs say about *From Chaos to Order*:

Don Phin has been both an inspiration and a mentor for several years. Now Don becomes a mapmaker to success. This book is your new blueprint to thrive and survive in the business world. It's always your choice, but here are the tools, use them.

– Clayton M. Koerner, President, Alliance Brokers & Consultants, Inc., Bakersfield, CA

From Chaos to Order is definitely a "must read" for every CEO and executive. Efforts to survive the economic turbulence have caused many companies to veer away from core competencies, efficiencies, and productivity with a shotgun approach to increasing revenues or decreasing expenses. Without mincing words, Don helps us to refocus our concentration and efforts in a strategic methodology that makes sense for growth and profit by seizing the right opportunities. As Warren Bennis once said, "We've sold out the stakeholders for the shareholders." Reinvigorate yourself and your stakeholders with this thought-provoking book!

– Jack Burke, President, Sound Marketing, Inc.

Author, Creating Customer Connections and Relationship Aspect Marketing, Branson, MO

Great, simple to implement advice as to how specific basic blocking and tackling are the keys to success in this economy. However, every block must be made and no tackles missed and Don's easy to use checklist of the blocks to be made and how to not miss any tackles is ideal for every business owner that wants to take responsibility for their company's success.

– Chris Burand, Burand and Associates, Pueblo, CO

Don, I am really proud of you. You have worked hard. You have taken the time to learn from your life lessons. You have taken the time to analyze the differences between working hard and working smart and you have discovered that it is definitely not all about the work. The in basket will always have things to do in it. Great job. Cheers, Jay

– Jay Wentz, JCG Development, San Diego, CA

*Don and I have worked together for 10 years. That means I've had the educational and personal pleasure of 10 years of his sometimes off the wall, but always seemingly direct and cogent wisdom. Now, I'm an old guy. So it's terrific to be stimulated and challenged while expanding my thought process by the way Don has his audience see things that possibly no one else sees. Don's material is beneficial to both one's business and personal life. That makes him unique. I recently told Don I'm continually amazed how he prolifically pumps out new material. And, it is something I always read. You will profit from reading *From Chaos to Order*. Keep it up, Sir. We all need what you offer,*

– Pres Diamond, Institute of WorkComp Professionals, Asheville, NC

LOVE the new work. From Chaos to Order is my new favorite map to continued and improved success. So insightful. I assume that I can share this document with clients and prospective clients? Thanks too for mentioning me in your work. You are one of my favorite mentor/leaders...just so you know! (-;

– Kim Fricke-Young, Professional Concepts Insurance Agency, Brighton, MI

From Chaos To Order is winner! Well done, my friend! I'm thinking of making this the backbone of my programs next year.

– Pat Hyndman, Vistage Chair, La Jolla, CA

Table of Contents

Introduction	5
Getting Super Clear.....	6
Financial Order	7
Operations	10
Product and Service Offerings	12
Sales and Marketing	14
Personnel Management	16
Watch for Signs of Trouble	19
Managing Your Emotions	21
Personal Lifestyle Choices	22
Conclusion	23
Appendix	24

Before we begin, know this: what follows is my opinion and only that. I'm not your lawyer, consultant, coach or some super rich guy you read about in magazines. If this little book helps you in the slightest, then I've done my job. I'm an entrepreneur who built a lifestyle business he loved, never having to manage more than two full-time employees to achieve my goals.

The economic landscape has changed forever and that can be really spooky to a business owner who puts it all on the line every day. I've had the opportunity to speak to thousands of private company CEOs nationwide since 1997. I was caught off guard by the amount of victimization present among many CEOs during the recession of 2008 and 2009...me included! Suddenly we were thrown out of our comfort zone by an unexpected economic curveball which most of us were completely unprepared for. Some were wiped out of business after years of making money! Current events continue to keep us on edge and reinventing ourselves.

The reality is that we are in a period of "accelerating acceleration", a term coined by Buckminster Fuller, meaning that things are changing faster and faster... at a faster and faster rate. Hoping for some form of stability is wishful thinking. Better to expect constant instability when planning your future. Today's business owner can be rich today, broke tomorrow, and then rich again by the next year. It's that crazy!

After many years of trying to figure out the entrepreneurial process, I finally built a business which suited my personal and professional needs. The last thing I wanted to do was mess that up. I've spent considerable time, money, and energy looking for the most powerful insights and strategies, making sure I structured the business in a way to support continued growth and protect me from these insane outside pressures.

I decided to make a checklist to make sure I wasn't missing anything (I love using checklists). When one of my business buddies saw what I was doing he asked if I'd share my list with him. That list eventually turned into this book.

In this book I will get right to the gist of what I've learned about growing a lifestyle business. I'm not going to add a bunch of babble or stories simply to fill space. I am going to give you an organized series of powerful insights, strategies, and tools to consider. As short and sweet as possible.

P.S. The good news is, in January 2014, I sold my business to a fast growing business that wanted to take me out of my comfort zone. I couldn't say no. After working with them for two years, I've spent most of my time speaking and coaching. Life is good!



Here's to your business and personal success,

Don Phin, Esq.
don@donphin.com

Introduction

Here are the main ideas we'll discuss:

- ❑ **Get super clear** – Are you truly focused on where you are going? Like a laser beam? Is your light...your energy...so focused it can cut through steel? For example, are you clear about your ultimate goal? What's it going to be like when you get there?
- ❑ As Red Scott reminded us: **"Cash is king and it isn't cash unless it's cash."**
I am very hesitant to take on any debt in order to grow my business. Debt can crush cash flow, affecting both my business and personal finances. Therefore the question is: If I take on debt does it help generate cash now or the near future? Does it make my business more secure? Can I handle the risk long term? If not, think twice about doing it.
- ❑ **Innovate and differentiate or die** – You have to change with the times and be the change itself. Don't try to play catch-up with your competitors, run right by them. If there's ever a time to "get out-of-the-box" and reinvent your business, now is that time!
- ❑ **Cooperation versus control** – Remember this: The less you control, the more you will accomplish. Today we have to be great collaborators and generate cooperation amongst our workforce, customers, and partners to survive. We don't have to do it alone...and in fact, we can't do it alone. This means the mantra is management by agreement, cooperation, and collaboration as opposed to management by fear, control or manipulation.
- ❑ **Maintain a positive mental attitude** – As Rev. Norman Vincent Peale preached throughout his life, it's important to be a positive thinker. Your attitude affects the entire company... and your customers. If you're not optimistic then why should they be? I will share much of what I know to help you protect and grow your business but ultimately you have to be grateful for what you have been given and optimistic about your future.
- ❑ **Get your head checked** – If there was ever a time to get a coach, or mastermind group, this is it. Do not attempt to manage this rollercoaster alone. Make sure that you have people around you in a confidential setting that are willing to call you on your "bull". They will help you see what you can't see for yourself. They will hold your feet to the fire.
- ❑ **Maintain balance in your personal life** – Much of our ability to be flexible in our business is determined by our personal lifestyle. If you're big on acquiring as much doodah as humanly possible then you will find yourself stranglehold by the effort to keep up with the financing of that doodah. Whether it is a bigger house you don't need, a fancier car you don't need, or luxurious trips you don't need. Fact is, when running your "lifestyle" business, the only personal debt you should have is a first mortgage on your house and maybe a car loan. That's it!



Getting Super Clear

Most people plan their vacations better than their careers. – Mary Kay

I started my career as an attorney. My story of how to be a hero drove me to find meaning in litigating high-end whistleblower and other employment law cases. It was not uncommon to work 70 hours plus a week. What a big mistake. It killed my young marriage and hurt my sons in the process. I got what I asked for alright but I didn't play the movie to the end. As the saying goes, I climbed to the top of the ladder only to realize it was leaning against the wrong wall!

It took a few years to work through my "story". Now I am aware of the fact you will live life according to the story you tell yourself. Just make sure the story is yours and not someone else's. It's your story, not theirs.

So, just how clear are you? Are you *super clear*?

- ☐ **What is your ultimate goal?** Is it to obtain more than what you need? If so, how much more do you think will make you happy? I'm in my early 60's and can tell you, how much money you have or how many things you possess, isn't what provides you with long-term happiness. In our moments of clarity, we realize there are things far more important than business success, like time with loved ones. My point: keep things in proper perspective!
- ☐ Have you spent the time to get yourself to the "state" of having finally arrived at your ultimate goal and then asking yourself "**Was it all worth it?**" Look backwards and ask "Was the effort, the expense, the emotional strain on me and my family worth it?" If not, what story can you construct that will, in fact, be even more impactful and supportive of a good life? As I mentioned at the outset, my goal is to have *a profitable business that meets my personal goals*. It took me 20 years to understand the wisdom in that simple statement. Hopefully you won't have to wait as long. Remember this: You get what you ask for, just not when or how you expect it. Just make sure that once you do get it, it's what you really need and that ladder is leaning on the right wall!
- ☐ Has anyone "**checked your head?**" Individual coaching and mastermind groups provide a great ROI. I am an executive coach now and still have my own coach and pay over 10K a year for it. After reading *Think and Grow Rich* (you have read that...right?), I realized I could do what Napoleon Hill did and assemble my own fictional board of directors. I share those lessons in The Visionaries Workbook. Email me at don@donphin.com if you would like a copy.

Financial Order

Never spend your money before you have earned it.

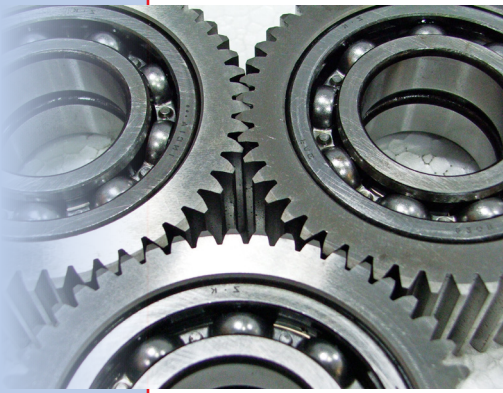
– Thomas Jefferson



- ☐ **Cash is King.** I learned from Dr. Deming to grow my business so that every next dollar earned is more profitable than the last one. If I don't do that I will run out of both time and cash – even though I may be growing in revenue. Of course, it's important to know all your numbers and carefully monitor key indicators...like cash! I have spent a great deal of time working with my CPA and bookkeeper to create Excel spreadsheets that give me three year, one year, 90-day, and 30-day cash projections. While the profit and loss statement and similar documents are helpful, I know that my company's ability to generate cash and to maintain that ability is what's most important. My few employees know this too!
- ☐ You have to think in terms of everything and everybody being a **return on investment (ROI)**. Each marketing program must generate a return on investment. Each employee must generate a return on investment. Before you hire an employee, you have to be very clear about how they are going to start creating an ROI soon and help make each next dollar you earn more profitable. You can crush your cash flow by bringing on a new employee without this analysis. That is one reason why I discourage you from hiring new employees unless you already have the business for them to service. More on employees later.
- ☐ Educate managers and employees with **open-book management** – If you've not yet done so, read Jack Stack's *Great Game of Business*. Once I did, I realized the importance of open-book management where you share the numbers with your employees. In fact, I go to the extreme where everybody knows what everybody makes (me included) and there's not a single number hidden from my employees. In fact, I make sure to educate my employees about those numbers and to help them understand that it's impossible for me to give them a raise until the bottom line grows. Then I help them understand their impact on that happening and the reward they get in return.

- ❑ Identify what's most profitable and what's not – in Jim Collins' excellent book, *Good to Great*, this is referred to as the “**hedgehog concept**”. Where do you make most of your money most profitably? Instead of distracting yourself with new opportunities, try to do twice of what you are best at. Entrepreneurs are sharp people and we can always see new things and new ways to tweak our business. A mistake often made is to divert ourselves from our core business with these new opportunities and end up with having neither one in the end. Like the guy who has a successful restaurant, opens up a second one, kills his cash and bankrupts himself in the process. Of course, once you identify what's the most profitable aspect of your business focus at least 80% of your energy on that hedgehog. Spend no more than 20% of your time, money, and energy pursuing and testing new products or service offerings.
- ❑ **Don't cut prices, add value** – It's very tempting in today's economy to say that we are cheap, cheap, cheap. Problem is you'll end up having cheap customers. The answer is very simple – don't cut prices but do add value. One of the greatest ways to add value is education around a product. For example, in the excellent book, *Crush It*, Gary Vaynerchuk doesn't go out to sell his wines cheaper than his competition. What he does better than anybody in the business is educate his customer base about wines. As result, sales at his family's business went through the roof and he gets to write books about it! Zappos is another example. They are not cheaper than competitors but they do give crazy service that people love paying for.
- ❑ **Revisit comp plans, bonuses, and benefits** – Are your comp plans and salary structures competitive? Where are you perhaps paying too little or being overly generous? What compensation benchmarks can you compare yourself against, whether they be salary surveys or a competitors help wanted page? How are your compensation plans actually incentivizing profitability at your company? I, for one, hold raises to a consumer price index increase only. All other increases are based on added value and profitability. My employees know this and understand this. Do yours? I've even created a form based on a statement made by Dan Kennedy titled, “Why I Deserve a Raise.” My employees can present it to me anytime. I've attached that form to the end of this report.
- ❑ **Short-term versus long-term thinking** – There is a real yin and yang in how we use our money. Do the monies spent today fit in to your long-term planning? Are you just dealing with “shiny objects” and not coordinating with your long-term thinking? For example, you can see a trend which will increase the growth of your business and thereby start immediately investing to manage the future growth you anticipate. However, if the long-term trends are not in your favor, all you do is kill your cash once again.

- ❑ **Protect your personal finances** – One way to protect your personal finances is to make sure you have a proper corporate structure. If you're still running your business as an individual – cut it out! If by now you don't have an S corp, C corp, or LLC, you're asking for trouble. These are not expensive to set up and you can work with companies like LegalZoom. I prefer working with a business lawyer or CPA who will not only set up the entity but also remind me of when I have to do certain filings to maintain the corporate status.
- ❑ **Protect your a\$\$ets** – Roughly \$600 billion is stolen from companies by their employees every year. That's a BIG number! Whether it's pilferage at a retail store or fudging on an expense report, the number is enormous. I know this to be true because one of my first employees stole \$15,000 from me. I learned that you must have proper checks and balances around anything that can be swiped, sabotaged, or manipulated. Don't trust blindly.
- ❑ **Have a Plan B for a drop of 20%-50% revenue** – This is a big one. Many of the entrepreneurs that survived the recession were the ones who had a Plan B. Now that we're on the other side of the recession, do you have a Plan B in case it happens again? A helpful exercise to go through is to figure out what you would have to do if you had a drop in revenue of 20% to 50% both at work and at home. How could you generate a happy, profitable existence given those figures? Answering those questions takes the fear out of facing them!
- ❑ **Have a plan for doubling your revenue** – Conversely, stay positive and ask yourself the same exact question of what the results would be if you *doubled* the revenue both at work and at home? What would you have to do for that to happen? If you got that volume of the business, could you support it? Is there a plan for that? In writing?
- ❑ **And remember... Cash is King!**



Operations

If you can't describe what you are doing as a process, you don't know what you're doing.

– W. Edwards Deming

- ❑ **Think ahead and embrace change, don't fight it** – I had a phone call with a business owner in the retail electronics sector. She was complaining about how her industry is suffering and how competitors like Circuit City closed down around her. I asked her why she thought she was immune from these market forces and whether she has done anything to either become highly specialized or, alternatively, move toward selling online. Fact is, she is stuck in yesterday and fearful of moving forward, in large part because of her unfamiliarity with any other business model. I let her know that if she doesn't change how she runs her business, she too will be out of business. Can your operations survive the “disintermediation” (look it up) and other changes occurring in your industry?
- ❑ **Get all your SOP's up-to-date** – One of my favorite books is Michael Gerber's *eMyth Revisited*. The lesson is simply this: Have standard operating procedures for how you do e-v-e-r-y-t-h-i-n-g in your business. This is especially important because of the possibility of losing key employees. For example, it would be very difficult for you to terminate your CFO, marketing director, or IT executive if they have not documented, a thorough standard operating procedure, **what** they do and **how** they do it. Once you have SOP's, engage in monthly best practice sessions to constantly improve them. As Gerber reminds us: *Build your business as if you were trying to franchise it* – whether or not you intend to do so. Having well-drafted SOP's gives an incredible measure of confidence knowing that your system will never walk out the door with a former employee.
- ❑ As the original *Fast Company* magazine mantra stated: How can you do things “**faster, better, cheaper**”? – This question has to be continually asked because it has a lot to do with earning ever more profitable dollars. Make sure to invite, and in fact, **require** your employees to come up with suggestions of how you can do things faster, better, or cheaper.

- ❑ **Ditch the luxuries** – If having a luxury actually generates an ROI, then by all means go for it. If you get more business from prospects that come to a ballgame than any other method, then those season tickets are well worth it. However, if they don't have an ROI, it's time to let them go. This is true for fancy surroundings, furniture, trips, workshops, equipment, and so on. Does this *really* need to be replaced or upgraded? Remember, we don't just say no to buying doodah at home, we say no to buying doodah for our business as well.
- ❑ **Technology and ROI** – Before you invest in any software or technology make sure there's an ROI for it, too. By the time you go through the expense of the program and any learning curve, you may quickly realize that it does not produce an ROI. One of the mistakes I made for years (but don't anymore) is purchasing equipment, programs, or software *I'd like to use* in my business. However, because I didn't have the time or personnel available to implement it, these tools would sit on the shelf, go stale, and be of little value afterwards. Lesson: don't buy any equipment, software or technology unless you're going to use it *right now* and it's going to produce an ROI in short order.
- ❑ **Just-in-time thinking** – I've learned that it doesn't make sense to build up an inventory of product, marketing material, or services. Focus on being able to generate the delivery of a product or service on a just-in-time basis. Again, don't buy anything or do anything unless there is justification for doing so NOW. Even better, think about how you can sell something and have someone else fulfill it.
- ❑ **Innovate or die; get creative** – Here we go again about the importance of getting out of the box. Two great resources: *Orbiting the Giant Hairball* by Gordon McKenzie, the former creative director of Hallmark, and *A Whack Upside the Head* by Roger Van Oech, a Stanford professor. Both do a good job of helping you to think out of the box. There is also a Creativity Checklist attached for you to consider.



Product and Service Offerings

It must be considered that there is nothing more difficult to carry out, nor more doubtful of success, nor more dangerous to handle, than to initiate a new order of things. For the reformer has enemies in all those who profit by the old order, and only lukewarm defenders in all those who would profit by the new order, this lukewarmness arising partly from fear of their adversaries, who have the laws in their favour; and partly from the incredulity of mankind, who do not truly believe in anything new until they have had the actual experience of it.

– Niccolò Machiavelli, The Prince and The Discourses

- ❑ Keep it **simple and beautiful** – I remember reading the biography of Albert Einstein. He said he knew the theory of relativity would work (they didn't try to prove the math for many years afterwards) because it was, "**simple and beautiful**". I didn't have to read that twice for it to have a significant impact on how I view both my life and business. I want to build a life and business that is simple and beautiful. Don't you? Sometimes we need to think about these things in their opposites. Do you want to build a life and business that complicated and ugly? I didn't think so. So don't do it!
- ❑ Look for **recurring revenue** – During the recession it was helpful to know I had a recurring revenue model and even though I lost 15% of my business, I still had 85% of the payments showing up every day. The air-conditioning industry figured out that they wanted do more than just sell an air conditioner. Now they also sell a maintenance contract where they bill the client on an annual, semiannual, or quarterly basis. Thereby locking in a revenue stream. In my experience, the shorter and less expensive the payment the greater retention. For example, I offered one of my programs for \$97 a month or \$997 a year. Not only did the companies who signed up for \$97 a month last longer, they also ended up being more profitable for us as well!

- ❑ **Be a niche player** – It is a mistake trying to be everything to everybody. We focused our business on serving the HR needs of private companies and non-profits with up to 500 employees and the insurance brokers that also worked in that market. That's it. Then we can be the best at what we do. On average, a specialist will out earn a generalist 2 to 1. Where can you focus on either a vertical or horizontal niche in your industry and be known as the go-to person for that niche?

One of my favorite insurance brokers in the country, Kim Fricke-Young, out of Michigan, has a passion for horses. She works on insuring everything that has to do with horses from stables, to breeders, shows, races, equestrian events, saddle makers and so on. She is known as the go-to person when you want insurance in that industry. She loves her business! I'm sure a dog lover could help provide services to dog shows, kennels, sell pet insurance, etc.

Be a niche player in something you can love doing.

- ❑ **Do-it-yourself, do it for them, coaching and consulting** – How can you adjust your product or service offerings so that people can “do it themselves” or conversely, you “do it for them”. Consider generating additional coaching or consulting programs. This is true whether you sell a product or a service.



Sales and Marketing

For every sale you miss because you're too enthusiastic, you will miss a hundred because you're not enthusiastic enough. – Zig Ziglar

I don't pretend to be a sales or marketing expert, but I have studied much in sales and marketing. I've obtained insight from the likes of Claude Hopkins, Gary Halbert, David Ogilvy, Jay Abraham, Dan Kennedy, Bill Glazer, Zig Ziglar, Jay Levinson, Brendon Burchard, Frank Kern, Andy Jenkins, and other marketing experts focused on helping entrepreneurs.

I view mastery of this business territory to be the greatest opportunity. Here's some of what I've learned that might help you.

- ❑ Time to **kick it up a notch** – We have to constantly reinvent and improve our marketing approach. We have to get past the natural inclination to work *in* the business as opposed to *on* the business. As Michael Gerber says, “Doing it, doing it, doing it.” Working on the business means you do things strategically to kick up your sales and marketing efforts. Now is *not* the time to cut back on marketing! Let the competition do that. That means you must calendar for that time and budget for the expense...or it won't happen!
- ❑ We're all **information marketers** – Whether you sell a product or service, part of what you're really selling today is your information that relates to that product or service. Everything else is perceived as generic. Houses are generic, cars are generic, lawyers are generic, insurance brokers are generic, medical service are generic, even retail outlets are generic. What people are looking for is unique, helpful information, which means we're all information marketers.
- ❑ **Education is key** – A great way to distinguish yourself and build trust with a prospect is through education. Whether you're doing so through social media outlets, blogging, public speaking, or post-purchase support, the greatest form of marketing leverage comes with having educated prospects, customers, and clients. Focus on the experience they will derive from this information to help make it stick.
- ❑ **Stay in touch... high touch** – When folks are running 75 miles an hour and flooded with thousands of marketing messages, chances of them thinking about you are slim to none. This means we have to stay in touch with our prospects and clients on a regular basis. Many of us start off with newsletters or e-zines and the like. I had an online newsletter but I also realize it makes sense for me to mail the newsletter and CD of our monthly webinars to my members because that's more of a high touch approach than simply sending an e-mail. How many people that you subscribe to are going to the extra step

of doing that with you? When everybody else is going completely high-tech, ask yourself how you can be different by going high touch.

- ❑ **Test, test, test** – We have to constantly test one method of sales or marketing against a new one so that we find out which works best. This is how you optimize your sales and marketing experience. Most of the time it costs me less than \$2,000 to conduct a test. If you don't test and know your numbers, you'll only waste a bunch of time and money.
- ❑ **Create a unique client or customer experience** – Once again we have to differentiate or die. We are in the experience economy today. How is the customer or client's experience with you different than your competition? How can you be **outrageous** as Bill Glazer challenges us to do? For example, unlike any other HR program I know of, during the recession we brought on experts to help find the *fun, creativity, humor, and opportunity* in their people.
- ❑ **Pain pills sell for more than vitamins** – Remember, people react to avoid the negative much more than to gain the positive. One reason why most people aren't gamblers. Focus on the pain of lost opportunity in your marketing materials first and then the potential for gain afterwards.
- ❑ **Use social media** – To begin with, every company today must have a quality presence on Facebook, LinkedIn, YouTube, and Twitter. The other social media sites are optional. Make sure you do everything possible to educate your clients on the social media outlets. Of course you can add information articles, stories about client success, as well as how-to materials. More and more of us are moving toward short 5-minute videos to help educate prospects and clients. I posted dozens of them on YouTube. It's not hard to do. All you have to do is get out your iPhone or other device, shoot the five-minute video and post it to YouTube. Don't think you need professional production value; content matters most.
- ❑ **Build a referral program** – I remember going to a Jay Abraham workshop years ago when he asked the well-paying audience, "How many you have a referral program that works"? Amazingly, only a few them raised their hands, to which Abraham replied, "All of you spend thousands of dollars to come here year after year looking for the latest and greatest. And yet I told you one of the three most important things you can do was to have referral system that works." Before you try to employ any other marketing process, begin by creating a robust referral system for your company. We finally got mine together... so guilty as charged!
- ❑ **Develop strategic alliances** – We had roughly 3,000 companies using our HR program; ninety percent of them had through third-party partners, which include insurance agencies, PEOs, HR consultants and others. Instead of selling one license at a time, I sold anywhere from 10 to 500 licenses at a time. Ask how you can create a strategic alliance that works as a win-win for you, the partner, and their client.



Personnel Management

The most important job of any business owner is to hire people you can trust. – Don Phin

This is where I am unabashedly an expert. More than 400 times I've had the opportunity to speak to business owners across the United States and Canada about how they manage their workforce. Here are the most important things you can and should consider right now, whether you have 2 or 200 employees.

- ❑ **Less is more** – I can't tell you how many times I've been tempted to hire a new employee, but I keep telling myself not to do so until I can guarantee that the work is available for them to do. Otherwise it's going to take my cash flow a step backwards, which is something that would mess with my lifestyle! I'd rather put that cash into more marketing. What I have been doing is bringing on people part-time or on an independent contractor basis to get project work done. I'm also a big fan of www.upwork.com.
- ❑ **Don't guess...test and assess what's on your bus** – As Jim Collins stated in *Good to Great*, you want to have the right person on every seat of the bus. But do you? Remember this: Half the employees out there above average and half the employees at the below average. Which half do you have? You'll never know until you test people. I like using two websites. One is www.brainbench.com which can help you do knowledge or procedural tests (so if it was testing a CFO, I would have them do a GAAP Analysis and QuickBooks test) or you can do personality assessments by going to www.ZeroRiskHR.com. I like to use their tools in the hiring process and on a post-hire basis to help me do a better job of communicating and working with my employees. I have found that every dollar I have ever spent on testing or assessing comes back to me many-fold. You will too!
- ❑ **Conduct extensive background checks** – These are desperate times for desperate people. Use www.globalhrresearch.com to prevent hiring thieves, con artists, work comp claims, illegal immigrants and other hiring disasters.
- ❑ **Hold onto your bread winners** – We have to make sure we do a focused effort to keep those employees who do provide us with a ROI. Our real breadwinners. Unfortunately, most owners and managers spent 80% of the time on that 20% that cause all the drama and add little value. That's a mistake. Pay attention to your breadwinners so they don't leave.

- ❑ **Rank and rate your workforce** – Do so even if you have no intent to share it with anybody else. This is known as the “life boat” exercise. If your business did take a serious hit and it started to sink, who do you want to have on that lifeboat with you? Prepare that list now as you’ll be flooded with emotions if the time ever comes. You may even ask yourself what you will do to get rid of those on the bottom of the list... now.
- ❑ **Focus on entry-level hires** – Before you hire anybody laterally into a position, see where you can take away work from your existing employees and hand it to a \$10 or \$15 an hour new employee who you then grow into your way of doing business. This is a far more efficient proposition than having the existing workers continuing that \$10 or \$15 an hour work and having to make a lateral hire you’ll have to do a lot of un-learning with.
- ❑ **Get them involved in all levels** – As mentioned above, today’s mantra is management by agreement, cooperation, and collaboration. Get your employees involved in every aspect of your business. As the saying goes, none of us are as smart as all of us. Make your business success a team effort so you don’t feel like you’re doing it all on your own. Watch my 5-minute team building video by typing in Don Phin on YouTube.
- ❑ **Telecommuting** – Many entrepreneurs build their business with telecommuters, which is absolutely fine. Just make sure you’re very clear about your arrangement with any telecommuters and don’t attempt to turn them into independent contractors. Remember, you are responsible for the safety of their work environment as well as any guests that come into that work environment, so I would have somebody do a visual inspection of their workplace if possible. If you have telecommuters and access to ThinkHR, take a look at the Telecommuting Checklist and Telecommuting Agreement.
- ❑ **Terminate poor employees** – The question is this: is there anyone working for you today, that if they quit, you would be relieved instead of upset? If so, fire them!
- ❑ **Using Professional Employers Organization (PEO), Human Resources Outsourcing (HRO) firms, etc.** – If you are absolutely abysmal at the administrative aspects of managing employees, then have somebody else do it for you, such as, a payroll company, PEO, or HRO. The difference with the PEO is that the employees become the employees of the PEO and you lease them back from the PEO. Just understand that you will be paying a premium over what it would cost for you to engage in this management, but it’s far better than not doing it at all.
- ❑ Once you get five employees, join a great program like www.ThinkHR.com to make sure you build an employee handbook, stay in compliance and get your HR questions answered. If you want to learn more, let me know.

- ❑ **Purchase employee practices liability insurance (EPLI)** – Social media exposure, high lawsuit verdicts, and the skyrocketing number of claims being filed, are generating an employee practices nightmare for many employers, big and small. While it's important to have compliance materials in place, it's also important to insure yourself against these claims by purchasing EPL insurance. The best part about this insurance is that it will only cost you a few thousand dollars and limit your liability on these cases to between \$10,000 and \$25,000, or whatever your retention level is. This is important given the fact that the average verdict exceeds \$250,000 and that does not include the out-of-pocket expenses required for paying the lawyers. Imagine if you had to pay \$100,000 to settle a case and your lawyer \$50,000 to do so. What impact would that have on your lifestyle business?
- ❑ **Managing benefits** – Lastly, get very clear about how your benefits are working for you. As mentioned previously, are your compensation and benefit strategies actually producing a return on investment? Are your benefits helping to attract or retain your employees? Are your benefits helping to reduce health problems, absenteeism, and presenteeism? Are they increasing your employees' financial security? If not, what function are they serving? Make sure you work with an insurance broker who has their act together and knows how to help you buy the right mix of benefits.

P. S. If you ever need a referral to a great broker or lawyer, let me know. I know many of the best.

Watch for Signs of Trouble



The way out of trouble is never as simple as the way in. – Edgar Watson Howe

- ❑ **Don't get caught up in the noise generated by the media – think for yourself.** What are you noticing in your business? What's going on with the competition? Have you surveyed your customers? What are sales telling you? Are you surveying them frequently enough to know if trouble is on the way? To know what opportunities you may be missing?
- ❑ **Lack of humility** – In Jim Collins book, *Why Great Companies Fail*, he points to a lack of humility as being one the greatest traps of all. If we don't check our ego and allow our hubris to get out of control, we will find ourselves somehow thinking that we possess magical powers and discount the impact of pure luck. When you start thinking like this, somebody or something else will come around to humble you. My advice is this: humble yourself first. Be grateful for what you have. Recognize the measure of luck involved with your success. Become what Jim Collins calls a “level 5 humble leader”.
- ❑ **Rapid loss of leads, clients, or customers** – Of course you should be tracking these numbers and if you see problems beginning to surface then do everything possible to turn things around. If the numbers start slipping, be prepared to make some cuts as quickly and efficiently as possible.
- ❑ **Excess inventory** – As mentioned earlier don't produce more than you'll be able to sell within a reasonable period of time. If your inventory is beginning to back up that's a clear sign of trouble. How can you add value to move products or services? How can you partner with somebody to help you move it?
- ❑ **Declining profit margins** – Have you been coerced or forced into offering more for less without any benefit to your company? This is a sure sign of trouble and should be avoided by not reducing prices but instead adding value or changing the game altogether. Think like Starbucks. They figured out to charge three times as much for a generic product....by NOT treating it as a generic product!
- ❑ **Receivables collection** – This has to be monitored by you. Don't leave it up to accounting. Make sure you are notified of any account over 30 days past due and make personal contact with that customer or client. Consider incentives to encourage people to pay your bills early.

- ❑ **Employee drama/disengagement/ turnover** – If you’ve got disgruntled employees you’re in a heap of trouble. Many workers are overworked, stressed and feel that ownership cares little about them. It feels like all owners want to do is squeeze them as hard as they can. As owners we have to make sure we check in with our workforce even if we find ourselves running 75 miles an hour. If you don’t **make an effort to show you care** you can expect they won’t either.
- ❑ **Competitor, vendor, or partner troubles** – Is somebody in your supply chain running into problems? Can a threat to one partner, vendor, or supplier threaten the very existence of your business? It’s not just about monitoring customers anymore it is also about monitoring the strategic partners we rely on. Make sure to set Google alerts for all your strategic partners, clients, vendors, etc. Go to <http://www.google.com/alerts>.
- ❑ **Making desperate moves** – This is where logic is thrown out of the window and we make snap emotional decisions out of desperation (remember DeLorean). Before you make a desperate move wait one day and get your head checked! Call me if you need to. Also, see the attached checklist that will help you avoid making The Big Mistake.
- ❑ **The economy begins dumping... again** – According to many experts our economy will end it’s bull run and constrict beginning in 2019/2020. I think it’s important to read the newspapers or magazines without getting caught up in the hype. I remain more concerned about what’s going on in my own backyard than anyplace else.
- ❑ **Natural disasters** – Of course this is nothing you can control but is something you can prepare for. One can only guess at the number of businesses destroyed by the tsunami in Japan, the floods in New Orleans and Houston, or the tornadoes in Kansas. What have you done to prepare for the consequences of natural disasters where you live?
- ❑ **Their problem** can be **your opportunity**. Perhaps a competitor who has not done a good job of sales and marketing is rapidly losing market share. If that owner wants to get out, and you think you can use your sales and marketing strategies to double their sales, then you may have a wonderful buying opportunity. Just make sure you do your due diligence before venturing into such an opportunity. Not doing so can be a big mistake and put your business at risk. Again, attached to this program is a checklist of how to make sure you don’t make a big mistake on your next deal.

Managing Your Emotions



“Culture is defined by how we collectively deal with our shit.” – Anthony DeMeo

That quote pretty much nails it! We can be logical all day long but we are emotional beings as well. How well are you managing your emotions in response to today's rapid change and financial roller coaster? How are you dealing with anything that may feel “unfair” to you? Here are a few suggestions I'd like to share:

- ❑ **Responsibly to versus for** – Absent legal responsibilities (EEO, safety, etc.) you are not responsible *for* your employees, you are only responsible *to* your employees. They are adults and fully capable of being responsible for themselves. Do not think you have to keep an employee on your payroll simply because you've known them for a long time. No matter how much you care about them. You are not their mommy or daddy and you are not running a charity. If they are not producing a return on investment or if you cannot afford them any longer than you *must* let them go. I would certainly give them an opportunity to save themselves by restructuring how they add value or by inviting them to think of some unique solution that can save their job.

When you are responsible to employees, you put them in a position where they are capable of success.

- ❑ **Victims, Villains, and Heroes** – This is the title of a book I wrote with Loy Young which talks about the emotional stage we walk on every day. Long story short: Don't play victim when it comes to managing your business. Remember being an entrepreneur is a choice. Nobody required you to do so. Identify any lessons that have to be learned, change your behavior in light of them, and move on. Similarly, don't allow others to play victim with you. You are not their hero or an evil boss. Don't go for the emotional bait. Stay off that stage! Contact me if you want a PDF version of that book.
- ❑ **Be very considerate of how you use your energy** – Five thousand years ago, ancient Egyptians called our creative energy “ka”. You might consider it your spirit, time, or vital life force. Whatever you call it, do not waste nor abuse it. Treat it with the respect it deserves. It is God given. You are one with it. If an activity is energy draining, think twice about doing it. Where does your energy flow with little resistance? That's where you should be focusing your energy!



Personal Lifestyle Choices

Do you want to tear your life apart and get rid of everything you've known as a lifestyle? Like seeing your family? Being with your friends? A fishing trip? A hunting trip? A night's sleep? – Walter F. Mondale

Here's where I speak from personal experience and observation. If what I have shared thus far makes sense this should too.

- ❑ **Keep your personal lifestyle simple and beautiful too** – What I mentioned about Einstein's quote relates not just to my business but also my home life as well. I'm a lawyer. A smart guy. Well read. And I started making my life so damn complicated that I found myself needing to read books on simplicity! Yes, these books do exist, and yes, you can simplify your life which is something I've done. Remember to ask yourself: Is this bringing simplicity and beauty into my life or is doing the opposite...making it complicated and ugly?
- ❑ **Keep saving automatically no matter what** – Of course, when you run your own business it's the biggest investment you've got. We can make the mistake of not diversifying ourselves and putting a good portion of profits into secured savings for our retirement. Not stocks but secured investments. No matter where your business is financially, maintain the discipline of paying yourself at least 10% first and automatically saving it.
- ❑ **Limit your personal investment into the business** – I caution anyone against being their own banker. I made that mistake! Set a figure where you stop loaning personal funds to the business. Get an investor, sell the business or pare it down until it is profitable or if you have to... get a job. It's OK. See how you can grow your business without additional cash expenditures and without going into any additional debt. That's when the guerrilla marketer steps up to the plate.
- ❑ **Don't get greedy** – It has been said that sin begins where need ends. Know this: real wealth means freedom, not things.
- ❑ **Your health and family come first** – Never forget this! As the saying goes "who wants to be the richest guy in the graveyard anyway?" If you don't take care of yourself first you can't take care of anyone else. Stay balanced. Exercise, eat right, and sleep well. Nourish your spirit. I can tell you from first-hand experience that your family would rather have you healthy and broke than well-off and non-existent.

Conclusion

That's it! Like I promised, short and sweet.

P. S. Please send me any comments or feedback!

Visit www.donphin.com to learn about Don's coaching, speaking and training services.

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About Don Phin, Esq.

Don has been a California employment practices attorney since 1983. He litigated employment and business cases for 17 years and quit once he figured out that nobody wins a lawsuit.

Since leaving litigation, he has written numerous books and presented more than 500 times to executives nation-wide.

Don was the founder and President of HR That Works, used by 3,500 companies and acquired by ThinkHR in January of 2014. He worked there for two years as a V.P.

Now in his "wisdom sharing years," Don loves coaching executives and continues to inspire with his speaking and training.



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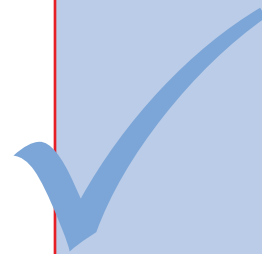
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Appendix

Checklist for Preventing Mistakes.....	25
Creativity Checklist.....	27
Hiring Checklist	30
Why I Deserve A Raise	32
Pre-Termination Checklist	34

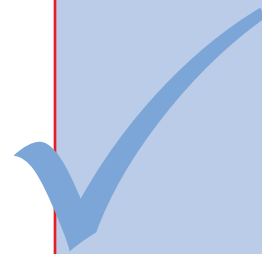
Checklist for Preventing Mistakes



- ☐ If you are doing whatever you are doing out of desperation, infatuation, or manipulation—stop! Don't do it.
- ☐ Do a right/wrong list. Sort of like the old Ben Franklin one-sheet that you fold in half. On one side, list what can go right and on the other side, what can go wrong. Do the risks outweigh the benefits? Can you get to what's right in a way that involves less risk?
- ☐ Get all the evidence. Don't rely on belief, faith, or speculation. Think in terms of *facts*, *documents*, and *witnesses*. Think who, what, when, where, and why. Get background checks, intelligence reports, references, etc.
- ☐ Engage in healthy skepticism. Don't take information or advice on face value. Challenge strategies, opinions, facts, beliefs, etc. Check it out on www.snopes.com.
- ☐ Gain some objectivity. Get your head checked by outsiders and experts. What would Jesus, Buddha or your mom say to do?
- ☐ Consider all the stakeholders. Family members, partners, vendors, clients, etc. Do they have input? How are their views biased? How can they influence the outcome?
- ☐ Be prepared! Consider all the probabilities. Prepare for the worst case and have a back-up plan. Give yourself "outs."
- ☐ Look before you leap. Take baby steps at first. Test it out. Run when it is clear.
- ☐ Did you play the movie out to its very end?
- ☐ Sleep on it. Let your intuition have some quiet time to feel it through. What feels unfair or scary about it? If it doesn't feel right, don't proceed until you get more information.
- ☐ Don't choke or panic. Where are you going too logical or emotional?
- ☐ Get any commitment in writing so there's no mistake about the terms of the deal. Hire a lawyer if you need a contract written the right way.
- ☐ Check your ego meter. Is it on full? Is simply "having more" what you are after? Will it be worth it when you get it?
- ☐ Use a checklist or go through an audit. We have tons of them on HR That Works.
- ☐ Qualify your statements. Don't overcommit. "I could be wrong here but based on _____, it is possible _____."
- ☐ Look for checks and balances, especially when dealing with money or technology.
- ☐ Remember, if the numbers don't make sense, the numbers don't make sense.
- ☐ Is this part of our "hedgehog" or are we venturing away from our core strengths?
- ☐ If it goes wrong is insurance coverage available?

- ❑ Just because thirty other companies have partnered with someone, doesn't mean they have their act together.
- ❑ Do your due diligence when you ask for referrals and testimonials, make sure you get them. Watch out for excuses why you don't get them.
- ❑ Pull a Dunn and Bradstreet and do background checks on the principals. If it is a privately held company and the principals are unwilling to provide you with their background information then be concerned. Ask yourself, "What are they trying to hide?" In one personal case, it was a felony conviction for fraud. A basic criminal background check would have revealed it.
- ❑ A company can't just have a great idea, it has to have great execution.
- ❑ Don't assume they are good at what they are doing. Half of the potential partners are above average and half of them are below average. Get very clear about their technical staff. Look at some of their resumes. Consider interviewing the people who are going to be working on your team or project.
- ❑ If they say they are going to do something, or you want them to do something, then memorialize the fact. Don't leave it up to "he said" "she said." Get all your business commitments in writing. All of them. Get a lawyer to help you get it right.
- ❑ Know when to walk away. As a trial attorney, we had an adage, "Don't throw good money at bad money." Sometimes it's not worth your time, expense, and emotion to be "proven right." Common sense has no room for pyrrhic victories.
- ❑ If a mistake happens then let go! We all make mistakes. It's OK. Really. You are a good person. Perhaps they are too. Do the smart thing—apologize and make sure you never do it again. Or, forgive them as you will someday need forgiving.

Creativity Checklist



“The hallmark of creative people is their mental flexibility... Sometimes they are open and probing, at others they’re playful and off-the-wall. At still other times, they’re critical and faultfinding. And finally they’re doggedly persistent in striving to reach their goals. From this I’ve concluded that the creative process consists of our adopting four main roles, each which embodies a different type of thinking... These roles are: Explorer, Artist, Judge and Warrior.”

- Roger Von Oech

All of us are creative. Ever dodge an auto accident? Catch a falling glass? That was a creative moment! If we want our careers and businesses to succeed we have to be creative there too. Consider what follows as a way to spur your creativity:

- ☐ Information is everywhere. Where can we find new information or analyze old information differently? You can get a statistic for everything. As taught in the book *Freakonomics*, you have to be looking in the right places. For example, law enforcement will applaud the fact that there has been a reduction in the homicide rate in most major cities. What they fail to mention is that much of this reduction is due to improved medical care of the injured. Because there are more emergency vehicles and people using better equipment, more people are surviving serious gun wounds, etc. The more telling statistic would be the attempted homicide rate. Something that may be more difficult to capture, but more relevant to crime prevention. What data is being overlooked in your business?
- ☐ How do you judge the value of your idea? Ultimately, the value of any idea in the business world to make money or deliver more value. The Employee Suggestion Form which follows provides a number of variables to consider including labor, equipment, and cost of other resources, as well as the potential bottom line benefit to the company.
- ☐ How can you give your idea a sense of urgency? How can you make this idea come to fruition in half the time? What partner can you use to accelerate the idea? All of us are familiar with products and ideas that have exploded on the scene because of a “viral” internet campaign. Perhaps you can work with a partner who already has access to customers, clients, or markets.
- ☐ How can you shake up a routine? Perhaps instead of reading your email throughout the day, you only do so at 10 and 3. How can you change your work environment? Perhaps you rearrange the furniture or equipment in your office. Perhaps you get some work done at the library where there are no distractions. One printing company that used HR That Works had all the employees work with a paint contractor to spruce up the entire office. You’d be amazed by the impact it had on the workforce, clients, and profitability as well.

- ☐ How could you do things faster, better, cheaper or completely different?
- ☐ How do other industries do it? How do they do it in other countries?
- ☐ How will it be done in 15 years from now? (Check out the world future society www.wfs.org.)
- ☐ As they say in Six Sigma, what's the "fifth why?" Ask why? why? why? why?...and why?
- ☐ Get outside your head. What would your kid, favorite comedian, business guru, or wacky uncle say about it?
- ☐ What's the big picture? What is the possible lateral or precessional effect? (i.e., the railroads created a demand for shovels and jeans.)
- ☐ What "off the wall" idea might actually work? How can you test it without causing any harm? (Like sending out a crazy ad to a small mailing list.)
- ☐ Where can you go to a creative place to spark ideas? Hold your next meeting in a kindergarten class or museum. There are many other creative environments available.
- ☐ What diverse teams can you create to spark ideas? (Marketing and HR can work together to build the employee brand.)
- ☐ How can we experience it at a deeper, more intense level? (i.e., adding aromatherapy, video or music to an entry or waiting area.)
- ☐ How can we make it lighter and more fun? (i.e., turning the act of making cold calls into a game.)
- ☐ How can it look, feel, smell, sound, or taste different? (Starbucks tapped into everyone of these!!)
- ☐ How would nature do it? How does physics, chemistry, or biology apply? (Think of all the medical breakthroughs generated this way.)
- ☐ Ask yourself "what if" or "why not?" (i.e., what if cars all got 100 miles per gallon?)
- ☐ What if there were no rules? Or completely new ones? (i.e., what if there was a way we could both win?)
- ☐ What cool name could you give your idea? (i.e., Super Gigantic Sales Game.)
- ☐ Pick a few magazines like Popular Mechanics, Fast Company, Inc., Scientific American, The Futurist, etc. Do the articles spark any ideas?
- ☐ Not all ideas are good ones. What could go wrong here? What's the worst case scenario?
- ☐ What does your intuition tell you? Have you allowed silence to work its magic?
- ☐ Does the idea have stand-alone value to it? Should you make a separate business out of it?

- ☐ What theory or hypothesis is behind your idea? What if it's proved wrong? What if you used a different one?
- ☐ There are no bad ideas. The only loss is the failure to implement the good ones.
- ☐ What creative ideas appear in your dreams? How can you "plant the seed" to dream about a problem from work?
- ☐ The worse thing that can happen is if your idea is laughed at. Be prepared for this and learn from it. Remember, it is the last laugh that counts!
- ☐ Try wearing crazy hats, clown noses, Groucho glasses, and other fun props during a brainstorming meeting. Check out the Oriental Trading Company.
- ☐ How will you market your idea? To whom? What internal press release could be issued about your idea? What headline would you use? (Joan comes up with a crazy customer idea that doubled sales!)
- ☐ Small ideas are just as good as big ones. Often they are quickly implemented, have a bottom line impact, and come with less risk.
- ☐ Are you truly receptive to others' creativity? What good idea have you listened to lately?
- ☐ Don't be afraid of making mistakes. What would you try if you knew it couldn't fail?
- ☐ Lastly, consider monthly suggestion/creativity meetings where each employee is required to bring a suggestion. Reward every suggestion with a few bucks, lottery ticket or raffle ticket to make it fun.

These are some ideas that can help you along. Excellent books on creativity include *Orbiting the Giant Hairball* by Gordon MacKenzie and *A Whack Upside the Head* or *Kick in the Seat of the Pants* by Roger Von Oech and *I-Power* by Boardroom Classics.



Hiring Checklist

- ☐ Complete Position Request Form.
- ☐ Write a Job Description describing essential job functions. (See www.onetcenter.org) Include any skill, education, experience or physical requirements.
- ☐ Have the job description reviewed by current employees and supervisors.
- ☐ Prepare or update Career Ladder. (See www.onetcenter.org) to show growth opportunities.
- ☐ Contact a recruiting agency for executive searches.
- ☐ When hiring rank and file consider an RPO like [Source 2](#)
- ☐ Place help wanted ads in a wide range of sources.
- ☐ Post on internal and external web sites.
- ☐ Provide information on Our Hiring Process.
- ☐ Accept résumés and job applications.
- ☐ Screen resumes and job applications.
- ☐ Conduct a Pre-Interview Questionnaire over the phone.
- ☐ Prepare in person interview questions.
- ☐ Conduct interviews. Involve co-employees. Consider group interviews.
- ☐ Complete Applicant Appraisal Form.
- ☐ Call references (employers, schools, etc.). Also call people other than listed “references.”
- ☐ Obtain FCRA consent and perform background checks (DMV, credit, criminal background,
- ☐ Inquire about any trade secret, non-compete, or confidentiality agreements with former employers.
- ☐ Test for job skills. See www.shl.com.
- ☐ Immigration, education, licenses, etc.). See [Global HR Research](#)
- ☐ Perform character assessment. See [ZeroRiskHR](#)
- ☐ Write the offer or rejection letters.
- ☐ Give necessary post-offer/pre-hire drug or physical tests. See [Global HR Research](#)
- ☐ If over 15 employees consider possible job accommodation. See askjan.org.
- ☐ Obtain I-9 Form & W-4 Form and any state withholding form.

- ☐ Memorialize the terms of employment and have the employee sign any contracts.
- ☐ Have the new employee review and sign the Employee Handbook, Employment Agreement, Arbitration Agreement, and any other applicable documents.
- ☐ Introduce the new employee to your training and orientation program.
- ☐ Pay any referral or retention bonuses.
- ☐ Provide state required pamphlets or handouts (for example, sexual harassment and workers compensation in CA. See http://www.edd.ca.gov/payroll_taxes/Required_Notices_and_Pamphlets.htm
- ☐ Report new hire to human resources/state agency.
- ☐ Prepare for first day of work!

Why I Deserve A Raise

Our company is unique in that we allow our employees to request a raise at any time. Consider the following guidelines before you do so:

1. You must have worked for the company for at least [a full year] before submitting a request.
2. You must not be on a performance improvement plan currently.
3. Do not abuse the process with frequent requests. (Max of one every 6 months)
4. Do not request a raise simply because you need more money. We regularly provide our employees with salary or wage increases based on market surveys and consumer price indexes. All other raises are based on performance profitability only. Be prepared to explain how you've improved your performance and how it affects the company's bottom line.

Dan Kennedy, an advisor to business owners nationwide, has this to say about employees and wage or salary increases:

“Many people think years on the job should translate to wage increases. Time on the job, years doing the job, does not increase the inherent value of the job being done. In most cases, after the first few years, it doesn't increase the value of the employee either. He doesn't bring 30 years experience to the table at all. He only brings one year of experience repeated 30 times.”

While this may seem a “tough” approach, it is hard to argue with. So, before an employee requests a raise, they should be able to show how they have increased their value.

You can increase your value by:

- Learning more – through training, reading, experimenting, learning a new program, getting certified, cross-training, etc.
- Working more efficiently – through time management, delegation, better supervision, etc.
- Producing more revenue – through increasing your billing rate, referring clients and customers, coming up with cost-cutting ideas, streamlining a process, etc.
- Implementing change – creating new systems, procedures, strategies. Bringing new opportunities, motivating co-workers or subordinates, etc.

I have increased my value to the company by:

1. _____

2. _____

3. _____

How much of a raise do you believe you've earned? _____

Signature

Date

=====

Response from HR:

☐ Approved

Employee's new pay will be _____ starting on _____

☐ Denied. Explanation:



Pre-Termination Checklist

Employee

Name: _____ Department: _____

The following items should be considered prior to the termination of an employee. Not all items will apply to all employees or all circumstances. Please check those you have considered prior to making the termination decision.

- ☐ Determine if the termination is the fault of the employee or the system. If the latter, termination may not solve the problem and chances are you will replace them with another failure.
- ☐ The employee's personnel file has been reviewed and there is proper documentation supporting the termination decision, including investigation, warnings and witness statements.
- ☐ Any company policies and procedures violated by the employee are reasonably related to the operation of the business or the employee's job performance.
- ☐ Any discipline and termination actions follow company policies and procedures.
- ☐ Other employees have been treated similarly under the same or similar circumstances.
- ☐ The employee has been subjected to progressive discipline where warranted.
- ☐ If the employee is within a protected class (over 40, female, minority, medical leave, pregnant, religious, military, victim of domestic violence or crime, disabled, etc.), improper motives have been ruled out.
- ☐ All employee complaints (safety, health, discrimination, whistle-blowing, pay disparities, working conditions, etc.) have been fully investigated and the recommended termination is not the result of retaliation for communicating any grievance, claim or complaint.
- ☐ Before recommending termination, have you considered: restructuring the job; moving the employee's work location; a demotion; a transfer; new supervision; leave without pay; referral to an employee assistance program; voluntary resignation; or other alternatives?
- ☐ There are no implied, written or oral contracts with this employee governing the termination decision. (Check the employee handbook.)
- ☐ The termination has been independently reviewed and approved by the Human Resources Department or another manager.

- ☐ Written notice of termination has been prepared.
- ☐ A plan has been adopted for informing the employee of their termination in a brief and dignified manner.
- ☐ Termination is set for Tuesday, Wednesday or Thursday morning at the employee's office, in the conference room, or other "safe" place.
- ☐ You have considered consulting an employment lawyer prior to the termination decision. (See www.worklaw.com)

Supervisor

Signature: _____ Date: _____