

# Adjust Your Attitude

*Success or failure in business is caused more by mental attitude than by mental capacities.*

—Sir Walter Raleigh

*Most small-business owners were once employees of another company. That's how they learned their trade. That's how they decided to go it alone and become independent, working for themselves rather than for someone else. So why do so many small businesses fail to make it, with nearly half of them out of business within two years of opening their doors?*

*It's easy to make excuses, blaming the economy, the fact that a large chain store with which you compete has located in your area, that storms hampered your sales, or that you didn't get the breaks you expected. But excuses don't cut it. While a bad economy may push some businesses under, an equal if not greater number of small businesses make it nonetheless. Tangible events don't tell the whole picture.*

*The problem for many small-business owners is that in their heads they do not really make the transition from being an architect or a chef to owner of an architectural firm or a restaurant. They never grasp the distinction between being a great worker and a savvy business owner. They never go from being a worker to an owner.*

*According to Michael Gerber, author of *The E-Myth*, hopeful entrepreneurs start out with great zeal but little real focus on what it takes to be a successful business owner. To paraphrase him, gripped by the entrepreneurial desire, talented workers make the fatal assumption that by understanding the technical work of a business they understand the business that does that technical work. Wrong!*

## 4 THE HUMAN SIDE OF BUSINESS

*In this chapter you will see how false assumptions, unrealistic expectations, and Pollyanna attitudes can lead to disaster. You need more than a positive attitude to make your business work. You need the right attitude. This chapter explains how you can develop the right thinking and puts forth the actions to take to support that thinking in order to transform yourself into a capable business owner.*

### **Develop Your Mind-Set**

If you want to make it in your own business, you need to develop the right mind-set. Pretend your mind is like an Etch A Sketch that you can turn upside down to make it go blank. Erase your assumptions about what it takes to succeed in business. You don't need to be the smartest person in the world. You don't need to come from a family with connections. You don't need a Rockefeller's bankroll behind you. What you do need first and foremost is the right mind-set.

Now, with your mind a clean slate, start to build step-by-step (with our help) the right attitude for your business to succeed. Don't expect that a single reading of the following pages will magically transform you into the entrepreneur you hope to become. We can give you the information. But you have to live it to make it so.

### **Shoulder Responsibilities**

One aspect of creating the right attitude is recognizing the broad range of responsibilities you must take on when you own a business. Instead of wearing one hat—say the hard hat of a construction worker—you must wear multiple hats at the same time when you become a home remodeling contractor. As a small-business owner, you are responsible for *every* aspect of the business for which a large company maintains separate departments. These include such activities as:

- Collections—staying on top of unpaid accounts receivable.
- Competitive intelligence—monitoring what your competitors are doing.

- Customer service—dealing with postpurchase issues and making the customer’s experience with your company pleasurable in order to avoid problems and to generate repeat business as well as referrals.
- Finance—keeping track of the income and expenses of your business and paying taxes.
- Human resources (HR)—hiring, training, managing, and, when necessary, firing your staff.
- Information technology (IT)—keeping technology humming, including web site management, and avoiding IT problems such as online theft.
- Legal—complying with local, state, and federal government regulations to operate within the law.
- Marketing—gaining recognition and credibility in potential markets, advertising, public relations, strategic alliances, and joint ventures.
- Purchasing—buying the things you need at the right price to run your business, including inventory, supplies, and services.
- Sales—pitching your products or services to potential buyers.
- Strategic planning—setting sights on future projects and activities, including research and development for certain types of businesses, as well as disaster recovery planning for unfortunate events.

Are you prepared to wear all of these department head hats? Even if you have co-owners and capable employees, don’t forget where the buck stops—it stops with you. Are you good at any of these separate activities, such as handling money or personnel? Are you a good salesperson? A smart buyer? A creative strategic planner? You don’t necessarily have to excel at all of these jobs (though it wouldn’t hurt), but you can’t ignore any of them.

### **Take Things Seriously**

One luncheonette owner in the New York City suburbs stocks penny (now nickel and quarter) candy in bins to entice neighborhood

## 6 THE HUMAN SIDE OF BUSINESS

children to patronize her establishment. Moneywise, the candy adds little to her revenue, and children are not her prime patrons so their business isn't key to her company's success. Still, she spends many precious hours each week stocking her bins and reordering candies, an activity that she views as a hobby. The time and effort devoted to this nonproductive hobby could be better spent on promoting her profit center—the sandwiches.

This small-business owner is not alone in misdirecting her limited resources into fun, but not wise, business activities. The lesson here is again the mind-set. You can certainly have a hobby on the side, but running a business is a serious, profit-driven endeavor. You can't afford to be a dilettante when it comes to running a business. You need a professional attitude.

### **Focus**

Your store hours may be 9 to 5. Your doors may be closed on Sundays or Mondays. But your mind can never be out to lunch. You have to be able to juggle the other demands that you may face—caring for children, training for the marathon, or participating in civic activities. The term *multitasking* doesn't begin to describe the job of being a small-business owner. Your business and personal lives often melt together, but you can't lose sight of your role in the business if you want this aspect of your life to succeed.

When you are at business, you must concentrate on the business challenges at hand. It's easy to become distracted with other aspects of your life, especially when family illness or other personal crises arise. But concentration on business matters is essential. When you face a major crisis—your computers are down or the delivery you needed today did not show up—it can become easy to concentrate fully on handling the immediate problem. But you need this same attention to business when things are humming, so that future crises can be averted.

### **Banish Negativity**

The power of positive thinking is no myth. You need a positive view of things in order to make your business work. You're bound to hear naysayers' reasons why you won't succeed. After

all, what makes you think you can make it when so many other businesses do not? Think about that restaurant location around the corner that seems to have a different owner every time you look. The naysayer will tell you that your restaurant will undoubtedly suffer a similar fate. Don't be dissuaded by this possibility alone.

You must tell yourself why you can make your business work, keeping your focus positive. To paraphrase Abraham Lincoln, most people are as successful as they make their minds up to be.

Here are some great ways to stay positive:

- **Visualize success.** In the words of scholar, pastor, and teacher William Arthur Ward (1921–1997), “If you can imagine it, you can achieve it; if you can dream it, you can become it.” Simply put, if you *think* your business can succeed, then it can.
- **Stay away from negative people.** Negativity is contagious. Like a yawn that you see, hearing negative statements can make you and your employees also think negatively. Surround yourself instead with positive thinkers.
- **Stay flexible and adapt.** Things happen over which you have no control. Accept the fact that your key supplier may go out of business, your most valued employee will someday quit, a snowstorm will prevent a delivery, and so on. You can always find another supplier or another employee. You can make a delivery at another time. It's a given that despite your best efforts, you'll lose customers. It's a possibility that you can be robbed or fire can damage your location. The point is to remain nimble and make the best of unanticipated situations that are sure to arise.
- **Put the past behind you.** Negativity can grow if you let yesterday's mistakes fester. You don't want to ignore problems you've made, but you can't let them drive you toward the negative side of the street. Flip any mistake you've made into a positive thought that that's just one less mistake to make in the future. Learn from your mistakes and, most importantly, never make the same mistake twice. Self-help and salesmanship pioneer Dale Carnegie said, “When fate hands you a lemon, make lemonade.”

## 8 THE HUMAN SIDE OF BUSINESS

- **Recognize small accomplishments.** Reinforce your positive attitude by recognizing each day how you've moved ahead. Pat yourself on the back for all the cold calls you've made or the one tough sale you've closed.
- **Be brave.** Being a business owner means you're a risk taker. You well understand that the decisions you make may not always produce the results you want. The new item you added to your product line that you had high hopes for may sit on your shelves. The person you hired to be your company rep may not work out. You cannot let setbacks and failures thwart your future risk taking. Your attitude must continue to include risk taking, so you must continue to be brave.

### Fix Your Goals

Thinking isn't doing. And, for many people, it may not be possible to simply put yourself into a business owner frame of mind because we tell you to. But your behavior can help to alter this. If you *act* in a businesslike way, you start to *think* like a business owner. Transform your business mind-set into actions. The best way to do this is to fix goals for yourself.

You want to succeed, of course. Everyone who goes into business wants to succeed. But this desire is not a goal. This is just a desire. Don't confuse desire or motive with a goal. Take the following test to see if you know the difference between a desire and a goal. Here's a list of seven wants. Which ones can you identify as goals?

1. Being your own boss.
2. Setting your own hours.
3. Protecting your income from corporate downsizing.
4. Gaining prestige in your community.
5. Creating a business for your children to inherit.
6. Selling \$50,000 in product in the first year.
7. Collecting fees for professional services of \$100,000 by the second year.

If you chose any of the first five answers, you picked a desire rather than a goal. These are your hopes and dreams that can result if you can stay in business. In effect, they are the by-products of achieving your goals. Only answers 6 and 7 are goals. A goal, then, is a concrete objective. It is something that can be quantified and measured.

Why are goals important? Great achievers in all disciplines know the value of setting goals. Just ask a world-class runner who tries to beat his last best time by a few seconds how important a goal can be.

### **Setting Your Goals**

Where is your business today? Where do you see it in six months? One year? Three years? Write down your goals for these time periods. Goals can include sales revenues, the number of new customers, the number of new locations, and any other objective that you can put a number on so you can measure it.

Goals should be realistic. Who doesn't want sales of \$1 million or \$10 million? And it's a good idea to aim high and fall short rather than to aim low and miss the opportunity to do more. But your goals should be in line with reasonable expectations. Work backwards. If you are a consultant and want to increase your revenue for the coming year from \$75,000 to \$150,000 (a goal that may or may not be reasonable), how many hours of work does this require? How much would you have to charge for your work to attain your goal? Working backwards can give you a better idea of your goal's feasibility. Maybe you realize you can't double your rates to reach your goal. But you may be able to raise them a little—and adjust your goal accordingly.

If your goal seems too lofty, it may be possible to break it down into manageable pieces. For example, instead of trying to increase sales by \$10,000 per month, set a goal of increasing your daily sales by \$500 (assuming there are 20 working days in the month). This more modest goal may be easier to attain on a day-to-day basis than aiming for the total \$10,000 increase in one shot.

## **Commit Your Goals to Writing**

Statistics demonstrate that writing down goals gives you an 80 percent edge on achieving them over those who do not put their goals in writing. Goals are really just the tip of the iceberg you can see; your business plan, which includes your goals, is the entire floe.

What does a business plan have to do with your attitude? Having a business plan can help to shape your attitude. It shows you are serious about being in business. You've taken the time to think through all aspects of your business and committed them to writing.

There are several other reasons why it's important to have a business plan. If you want commercial financing, you need to show a prospective lender your plan. You can't get a loan in most situations without it.

It can also be helpful for certain tax matters. Having a business plan is one of the key things that the Internal Revenue Service (IRS) uses to distinguish a business from a hobby activity. A business can deduct *all* of its expenses (with certain limits) while a hobby activity cannot deduct expenses in excess of income.

## **Writing a Business Plan**

You don't have to be an Ernest Hemingway to write a business plan. You don't have to be a great typist or a computer genius. All you need is a good understanding of what a business plan is all about and the will to follow through.

Essentially a business plan is a description of your company today and where you expect it to be at a fixed point in the future (say three years). The owner of a start-up greeting card company in the Midwest was able to create a sufficient business plan in just two typed pages for a bank to give her a loan. The plan should include an explanation of each of the following points:

- A summary description of your business—its name and address, products or services, and your objectives for the future. This section is sometimes called an executive summary (even though no executives are mentioned in it).

- What your business does—its activities for producing revenue.
- The type of business organization—a limited liability company, an S corporation, and so on.
- Who owns the business—who you are, your background, and what you do for the company.
- Who runs the business—you and your team.
- The market you're in and the competition you face.
- What you need in order to operate—your office, store, factory, equipment, and the like.
- How much you make today (typically stated in terms of revenue based on sales) and what you expect to earn in three years, five years, and so on.

Money, of course, is a key element to your plan. If you're just starting out and haven't opened your doors, your plan should include a projection of start-up costs. Start-up costs include the price of everything you need to open your doors, from rent and equipment to inventory and insurance. Most importantly, the projection should include what you'll need to live on while your business gets going—something that could take months or even a year or two. If you're already in business, obviously you can skip start-up costs and focus on current needs.

If you're not a numbers person, you probably want to work with your accountant to prepare the financial parts of the plan. Doing this will help you assess whether the things you are doing now are really working for you. For example, you may be losing money on some products while making money on others. Putting the numbers together can give you a better idea of where you stand and help you develop a game plan for the future.

If you're preparing the business plan for your own use as a road map for future business growth, you can be as abbreviated as you want so long as you include all the information to gain a full picture of your company. The point is to get your mind into a business framework. But if you will be showing the business plan to outsiders (e.g., for financing), then you need to include a great deal of financial information and supporting documents.

## 12 THE HUMAN SIDE OF BUSINESS

For example, you need balance sheets and cash flow statements as well as copies of tax returns, leases, contracts, and the like.

There are many ways to get your business plan completed. You can employ a professional whose job is to draft business plans. For example, MasterPlanz ([www.masterplanz.com](http://www.masterplanz.com)) is a company of professional business plan writers; it charges from about \$1,200 for a business looking for Small Business Administration (SBA) financing to \$15,000 for a business looking for venture capital.

However, if you want to do it yourself, there are a number of resources you can use for a writing business plan. In addition to many books on the subject, there are also several online sites that can help.

### RESOURCES

- Bplans.com from Palo Alto Software ([www.bplans.com](http://www.bplans.com)). View sample business plans that you can adapt to your business. Purchase software to develop and customize your own business plan. Cost: Business Plan Pro Standard is \$99.95; Premier edition is \$199.
- Business Resource Software (BRS) ([www.brs-inc.com](http://www.brs-inc.com) and click on “Business Plan”). There are three business-plan versions, with cost ranging from \$49.95 to \$219.95; the version to use depends on the purpose of your plan (e.g., commercial financing).
- Small Business Administration ([www.sba.gov/starting\\_business](http://www.sba.gov/starting_business) and click on “Starting Your Business”). The SBA has an outline you can use to create your own business plan. It is divided into four sections: description of the business, marketing, finances, and management. You can follow the outline step-by-step to include all the necessary elements of a business plan. There are also sample plans for your review.

How do you know if your plan is on target and you've done a good job? You can have your plan reviewed free of charge by SCORE, Counselors to America's Small Business ([www.score.org](http://www.score.org)). This is a volunteer organization under the auspices of the Small Business Administration. Call your local chapter to schedule an appointment.

### **Create a Mission Statement**

A business plan is like your sky map to help you navigate the heavens. But a mission statement is your guiding star. You need to be able to define for yourself and for the marketplace why your business exists, the things you value, and what you hope to accomplish. You know your mission statement is working if the public gets it and can understand your business.

If you can encapsulate these ideas in a sentence or two or be able to state your purpose in 30 seconds, you've got your mission statement. It can be a slogan running just one sentence, as do some from some well-known companies you probably recognize:

- Federal Express (FedEx): "We will produce outstanding financial returns by providing totally reliable, competitively superior, global, air-ground transportation of high-priority goods and documents that require rapid, time-certain delivery."
- Mary Kay Cosmetics: "To give unlimited opportunity to women."
- 3M: "To solve unsolved problems innovatively."
- Walt Disney Company: "To make people happy." (*Note: There is a movement spearheaded by Roy Disney, the founder's nephew, to create a new mission statement.*)
- Wal-Mart: "To give ordinary people the chance to buy the same things as rich people."

Most mission statements, however, are two, three, or four sentences long and include moral and ethical considerations, target markets, the products or services provided, and expectations of growth.

- IBM: "Our goal is simply stated. We want to be the best service organization in the world."

## 14 THE HUMAN SIDE OF BUSINESS

- McDonald's: "McDonald's vision is to be the world's best quick service restaurant experience. Being the best means providing outstanding quality, service, cleanliness, and value, so that we make every customer in every restaurant smile."
- Westin Hotels and Resorts: "In order to realize our Vision, our Mission must be to exceed the expectations of our customers, whom we define as guests, partners, and fellow employees. (mission) We will accomplish this by committing our shared values and by achieving the highest levels of customer satisfaction, with extraordinary emphasis on the creation of value. (strategy) In this way we will ensure that our profit, quality, and growth goals are met."

### **Writing Your Mission Statement**

Usually a mission statement is extracted from the executive summary of your business plan. However, you can write your own statement independent of your business plan. In writing your mission statement, keep these points in mind:

- Describe who you are (what your company does) and why you exist.
- State your values and/or beliefs.
- Include your vision for the future. Steer clear of lauding your current accomplishments (e.g., providing great quality or service). You can reach for the stars. For example, in 1950, Boeing's mission statement was to "Become the dominant player in commercial aircraft and bring the world into the jet age"—a mission that seemed very ambitious at the time.
- Believe in what you write.

There are also online tools you can use to help create your own mission statement.

**RESOURCES**

- Bplans.com from Palo Alto Software (see earlier box) lets you view sample mission statements for free.
- Drucker Foundation's Leader to Leader Institute (from famed management expert Peter Drucker, [www.pfdf.org](http://www.pfdf.org) and enter "Mission Statement" in the search box) has a 10-step article to help you develop your own mission statement.
- MissionExpert ([www.missionexpert.com](http://www.missionexpert.com)) sells software that guides you through a structured process to create and implement a mission statement. Cost: \$24.95.
- Workplace Toolbox ([www.workplacetoolbox.com](http://www.workplacetoolbox.com)) can write your statement for you. Cost: \$389 for membership that includes other business services.

Remember that your mission statement isn't static. You can and should rewrite it as times change, you achieve initial objectives, or the company moves in a new direction. For example, Ford Motor Company's initial mission statement in the early 1900s was "Ford will democratize the automobile"; today it is "To become the world's leading consumer company for automotive products and services." Microsoft's initial mission statement was "To empower people through great software—any time, any place, and on any device"; today it is "We work to help people and businesses throughout the world realize their full potential." Review your statement annually to make sure it complies with what your company is still all about, and update it when you have achieved your company's initial mission or have simply changed direction.

**Review Progress Regularly**

Don't find yourself on the road to hell with all your good intentions. Make sure you translate your intentions into actions that will head you in the *right* direction. Just because you set goals

doesn't mean you can sit back and do nothing further. You probably know a neighbor who started to finish his basement . . . years ago. He had a goal (a finished basement) and was a great starter. Unfortunately, he wasn't a finisher.

The actions discussed in this chapter are not a one-time affair. You should continually monitor your attitude. As things arise to cause setbacks, you can easily lose sight of staying positive and remaining focused.

Your goals should also be readjusted on a regular basis. It's common to fix new sales goals every quarter, for example. But your overall goals, besides sales, may benefit from a regular review as well. Compare your goals with your achievements at least once a year.

### **Keep Your Sense of Humor**

Even though business is a serious matter, don't take yourself *too* seriously. Keep things light and you'll enjoy yourself more. You're bound to face disasters, but if you can laugh a little, things won't seem so bad.

You don't have to be Jay Leno, Chris Rock, or Ellen DeGeneres to have a sense of humor and incorporate it into your daily activities. Just keep things light. Resorting to humor about yourself and your situation can provide a number of benefits.

- **Raise hope.** According to research from Texas A&M University, humor may significantly raise your level of hope. And hope is what every small-business owner needs to face each new day.
- **Relieve stress.** A Canadian study from the University of Toronto showed that stressed-out people with a strong sense of humor were less anxious and depressed than stressed-out people without such a sense of humor.
- **Raise morale.** Who wants to work in a gloomy place?
- **Improve communication.** Interacting with your staff, suppliers, and the public is part of every day. Doing it with wit can spark greater responses. This doesn't mean using offensive jokes to bond with a new customer. It simply means adding a little fun and a smile to your engagements.

- *Accept change.* Change can be a difficult and stressful occurrence. But change happens all the time. Starting a business or moving to a new location is a dramatic change; switching from FedEx to United Parcel Service (UPS) or hiring a new employee is a minor change. Either way, don't view the change as the end of the world. Keep smiling.
- *Overcome mistakes.* Being able to laugh at yourself can help you put the past in perspective so you can move on.

### **LESSONS ABOUT ATTITUDE**

- ✓ Orient yourself to be a business owner rather than an employee.
- ✓ Look at your company as a business rather than a hobby.
- ✓ Set goals you can attain.
- ✓ Write your goals by incorporating them into a business plan.
- ✓ Create a mission statement.
- ✓ Check your progress.
- ✓ Keep your sense of humor.

