

RENTONS' BUSINESS TIPS



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HAPPY NEW YEAR

2002 was a challenging and rewarding year for us. We had record sales and in particular our new trading name, Australian Christmas Cards, proved a great success with sales of our Christmas cards continuing to grow at over 30% p.a.

Thank you to all of you who placed orders with us in 2002. We appreciate your business and wish you all a prosperous year in 2003. Also, a special thank you to those of you who contacted me to say you enjoyed the article in October on "Business Morals".

Suppose as a business manager you were asked what is the most important task you do? You would most likely give a variety of answers such as managing staff, budgeting, marketing, control of finances, credit management or

developing new products. I would say none of these tasks are as important as thinking. The article overleaf is about just that - thinking. The first article examines trust in business.

Happy New Year



Ian Renton
Managing Director
Australian Credit Stationers

Ian Renton

TRUST

Trust has an important role to play in business. If people did not trust us as business owners, we would not have a business. There are three questions we must ask ourselves:

1. Do our customers trust us?
2. Do our staff trust us?
3. Do our suppliers trust us?

To put it even more bluntly, can we be trusted?

1) Do our customers trust us?

There is a lot we can do to earn the trust of our customers. We need to know that our customers are looking for two things. Can we deliver the goods and services as promised? And secondly, if there is a mistake, will we fix it? Customers are generally cautious people. Basically they want to know that they can trust us.

For large companies, brand awareness and a nationwide advertising campaign are important in building trust. If we buy a can of Coke or a hamburger at McDonalds we know what we are getting. There is no mystery. We are confident we will get exactly what we order.

For small businesses, such luxuries are not possible. Instead, they need to rely on building a reputation by word of mouth and by delivering exceptional customer service. In particular, what you do if you have made an error has a big impact on how much your business can be trusted. Treat errors as opportunities rather than inconveniences. Fix the problem and do something extra so you exceed your customer's expectations. By building trust with your customers, you are increasing your repeat business.

You want to do whatever it takes to protect your company's reputation. This is the best way to build trust. However, to entice someone to buy from you for the first time you may need to do a little bit more. Offering credit is still a great way to increase your sales. A strong guarantee or anything that takes the risk away from your customer is also good.

Another way of building trust is to list testimonials. Show that other people are happy to do business with you. Also, photos of the owner of the business and other staff or at least the names of key people in your organisation are helpful. List a lot of information such as phone numbers, your ABN number, email addresses and your website on your printed material. Hang up your registered business name in your reception area. All of these little things help to build confidence in your potential customers. This confidence, if you look after your new customers, can lead to trust.

2) Do our staff trust us?

With the recent collapses of HIH, Ansett and One-Tel, the credibility of your organisation is something you need to address when hiring staff. You need to prove to your potential staff that your business is profitable and has good long term prospects. Be prepared for your interviews when recruiting people. Show candidates that you are well organised. Part of your interview should be structured so as to convince prospects to work for you since there is a limited supply of good staff available.

For our existing staff, it is best to be open. Communicate with your staff. Tell them what is happening. If sales are up

or a certain product or advertising campaign was successful, tell them. Also, share the not so good news with your staff. Your staff want to be able to trust you.

3) Do our suppliers trust us?

Generally, our suppliers have just one fear - the fear of not being paid. Whenever possible, pay your account on time or better still - early. Exceed your suppliers' expectations. You want them to be able to trust you. One day you might like to call upon this trust by asking your supplier the favour of paying the account late or delivering the goods early.

The above points can also be asked in reverse. Do we trust our customers, our staff and our suppliers? After doing appropriate credit checks, we must trust our customers to pay their accounts before the due date. Without this trust, you would be missing out on a lot of profitable sales. It would be unprofitable to turn away a potential sale if you were satisfied that your customer was a low credit risk. As a credit manager, you would withdraw credit when that trust was broken. This should not be the first time the account was overdue but at a time when you no longer trusted that customer to pay you.

We also trust our customers to tell the truth. If your customer complains about the goods or services you have provided, you have two choices; believe that your customer is genuine in the complaint they are making or dismiss the complaint as a lie. Clearly, your best option in most cases is to accept the complaint as genuine. Not to do so may mean the loss of this customer's business and also the loss of further business

since your reputation would be tarnished. So by trusting your customer to be an honest person you are indirectly increasing your future sales.

Many businesses are afraid to trust their staff and only tell them information on a need to know basis. Fear of fraud, including embezzlement and theft of company mailing lists and confidential information are big issues which many companies need to face. Security of your assets including intangibles such as knowledge are very important.

However, it is unhealthy to be in an atmosphere where you cannot trust your staff. Firstly, there would be a limit to the amount and type of work that you would be prepared to delegate. But more importantly, your staff would be frustrated if they didn't know vital information such as the future direction and current profitability of the company. Staff want constant feedback, not only on their personal performance but also on the part they play in the running of your business. The rewards for trusting your staff include happy and productive staff and low staff turnover. Trust can play a big part in achieving such a desirable work environment.

We trust our suppliers to keep our business going. Without them, we would not be able to meet our customers' requirements. Nurture your suppliers so your relationship improves so that there is mutual trust. Don't change suppliers just for the sake of saving a few dollars.

Trust is all about relationships. By building better relationships, this can lead to more profitable customers, more enthusiastic staff and more reliable suppliers.

THINKING - AN UNDER-RATED TASK

If you own a business or are in a decision making position then there is no more important task you can do than thinking. However, it is unlikely that you actually set aside time to do just that - think.

If you were asked what you did at work today, you are unlikely to say I sat at my desk and just thought. Most of us are talking to suppliers, customers or staff or performing any number of routine activities.

In fact, we often use terms such as planning, reviewing sales figures and budgeting. We also have strategy meetings and conferences but rarely do we have thinking time.

The closest thing we have to thinking sessions is brainstorming. This is a worthwhile activity but rarely do great ideas come from these sessions. In fact, you may often come up with better ideas several hours or several days later.

How do great thinkers think? What did Albert Einstein, Isaac Newton and Thomas Edison do? How did they develop their ideas? One secret they had is that they thought alone. Basically, all they did was use their own life experiences to pursue their ideas. In fact, this is all anyone can do.

Firstly, you need to get some of these life experiences. You need to read, study, learn from others and possibly do a variety of jobs or tasks. Secondly, you need to spend some time alone so you can really think.

A lot of great ideas are developed away from the office. Some of us think in the shower, while walking the dog, gardening or travelling to and from work. I was told about a university student who did his assignments while he was jogging.

Do whatever works for you. Give yourself time to think. It is the most rewarding task you will ever do.

FOR MORE INFORMATION



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QUOTATIONS TO PONDER

I can give you a six-word formula for success: Think things through - then follow through. - Eddie Rickenbacker

What you do speaks so loud that I cannot hear what you say.

- Ralph Waldo Emerson