BUILDING PROSPERITY

Vol. 10 No. 1 | January 2022

What's on the Landscape in the Year Ahead.

Prosperity Plus

BUILDING PROSPERITY

A NEW ISSUE AND A NEW YEAR OF PROSPERITY

Ever wonder who sat around the conference table or stone slab and decided the middle of winter was the perfect time to start a fresh, new year? In many latitudes the trees are bare, the air is cold and the fight for good space heater has replaced all the good will toward men talk from the holidays. Nevertheless, the calendar has turned and with that we have arrived at a new opportunity to create a prosperous year for ourselves and each other.

How that will be done remains to be ironed out, yet we do know things have to change. The way we operate, particularly in the shadow of a persistent pandemic, supply chain issues and all of that does require fresh ideas and new routines.

The format of our newsletter is a good place to start, and inside this issue you have enough to consider between Jim Kahrs' article on assessing your business (page three), and a look on the qualities of leadership (page nine) by L. Ron Hubbard, originator of the Hubbard Management System. And for those of us who may be feeling our age a bit more this winter, we have a quick rundown on how age affects your exit strategy (page 12).

Enjoy the issue. Let us know how you're doing.

Tim Votapka
VP & Director of Marketing

Prosperity Plus

Vol. 10 No. 1 | January 2022

How to Assess Your Own Landscape

If You Want to Grow Your Business, You Need to Assess the Right Things

written by Jim Kahrs

When I ask dealers what their goals are for the coming months of this new year and beyond I typically get responses like; "I want to grow the business by 25%" or "we're looking to double the size of the business." If you're taking time from your busy winter schedule to read this article then I assume you too have goals to grow your business. Unfortunately, few dealers are experiencing the level of growth they want. The reasons given range from the economy to problems with product availibility to "lazy employees." When looking closely at dealerships on both sides of the equation, those growing and those not, I can tell you that there are some basic similarities shared by companies meeting their goals

continued on page five

> the easiest way to start is by defining the expected products of each area.

Assess Your Landscape

continued from page three

So, how do you get your company on a path of continuous growth year in and year out despite some rather unprecedented challenges?

So, how do you get your company on a path of continuous growth year in and year out? As a consulting and training group we work with office systems dealers to implement the Hubbard Management System, developed by L. Ron Hubbard world acclaimed author, administrator and, interestingly enough, nuclear physicist trained at George Washington University.One of the principles outlined in the Hubbard Management System states; "What it takes to make an organization go right is the intelligent assessment of what really needs to be done, setting those as targets and getting them actually fully DONE."

Sounds simple doesn't it? The first part of this principle states that it takes "intelligent assessment of what really needs to be done." There are a million things that could be done that would not lead to improvement in the business. Have you ever had an employee that just couldn't prioritize their work? Instead of spending time on things that really need to be done they squandered their time on insignificant tasks.

Common examples of this are reports that take hours to produce yet are never used or meetings that don't have a specific purpose This is not to say that you should stop creating and using management reports or discontinue all meetings, but rather that you should make sure that the reports and meetings are things that really need to be done.

Another example of this would be a parts manager who spent time analyzing obsolete parts inventory while incomplete service calls and overnight parts orders went up dramatically

The parts manager should have been evaluating car stocks and putting a plan in place to remedy this problem.Intelligent assessment identifies what is important and what is not and is where good leadership and management really shine.

When starting the process of assessing an area the easiest way to start is by defining the expected products of each area. In the Hubbard Management System a product is defined as "a completed cycle of action, which can then be represented as having been done." Every area of your dealership has specific things that it must produce. For a sales rep it would include closed sales, for a service technician it would include completed service calls, for an accounts receivable clerk it would include invoices collected and for a sales administrator it would include orders billed. When you define the products for each area you can see what really needs to be done to get these products in volume. If you or your staff members have trouble defining the products for an area it's a sign that time is possibly being spent on things that aren't really needed.

Going back to the products listed above, would you think a sales rep delivering toner is doing something that really needed to be done to get a sale? In most cases the answer would be no, yet this happens daily in some dealerships. As mentioned earlier, there are a million things that can be done that don't really need to be done, the key is to identify them and get the focus back on to those things that will lead to further production.

Continued on page six

> managers must keep track of and review the expected targets on a regular basis to catch those that have fallen through the cracks.

Jim Kahrs is the founder and president of Prosperity Plus.

After deciding what needs to be done you move on to, "setting those as targets and getting them actually fully DONE." The first thing to look at here is the meaning of targets. The Hubbard Management Systems defines a target as "an objective one intends to accomplish within a given period of time." It is critical to business growth that a timeframe be assigned to targets. When targets don't have a set timeframe they tend to drag on and on. It's like the person who tells you they want to lose ten pounds. If there is no deadline set for the weight to be lost the goal is very often never met.

Targets are best set by first identifying the actions that lead to production.

For example, a sales rep needs to make prospect calls, schedule appointments and present proposals in order to close sales. Targets can be set for each of these areas. These targets could be to complete 25 prospect calls per day, 2 appointments per day and 1 proposal per week. Once these targets are set they must be "actually fully DONE."

Obviously, setting targets that never get done will not lead to improvement in the area.The supervisor of the area must make sure that the targets are being completed by the designated time. The easiest way to do this is by requiring the employee to report back all completed targets.

Continued on page seven

Assess Your Landscape

continued from page six

This puts the majority of the burden on the staff not the managers. However, managers must keep track of and review the expected targets on a regular basis to catch those that have fallen through the cracks.

Real World Examples

You are trying to figure out why you haven't been able to hire the new sales reps you need. You start by assessing what really needs to be done for you to get the sales reps on board. First you would need a way to bring in candidates. Next you would need to interview the candidates and narrow the choices down. Then you would have to hire the best ones and get them trained. You can get candidates by asking your current employees for referrals, advertising in local newspapers and having recruiters send you candidates.

So you work out a plan with the sales manager and set the following targets; meet with each employee by next Friday to ask them personally for referrals, have ads placed in the three local newspapers by this Thursday and get a contract with a local recruiter by Tuesday. You then set a recurring target to interview three candidates a week. As the sales manager's senior you check back with him to make sure that each of these targets was met in the allotted timeframe. I've implemented this exact program with some of our clients and had great success. I've had clients go from interviewing once every three weeks or so to a steady stream of three per week. This increased selection of candidates always leads to better hires. It's great to have options.

I encountered another example while working with a dealer that had trouble with collections. More than 35% of their accounts receivables were older than 60 days.In assessing the area I found that they were not mailing out statements, that the accounts receivable clerk had called less than 10% of the past due accounts and that no one was monitoring this from a management level.

From this assessment it was determined that they needed to start sending out statements, needed a tracking system for calls made and a reporting systems for management to see what was actually being done.

We set some key targets. The first target established was to have statements printed and mailed to all accounts with an open balance on the 15th of each month. The next target was to have the accounts receivable clerk call every account that is past due at least once a month. From here the A/R clerk began tracking these activities through the dealership's management software. All contacts were to be documented and reported to the accounting manager. Once a contact was made all follow up activities were to be entered as future calls and completed on time.

From here the accounting manager required a report of all calls made and invoices collected. Because the activities were being entered into the management software it was very easy to verify compliance with the targets and monitor each step of the process account by account. After just a couple of months, accounts receivables older than 60 days decreased to 25% and continued to come down from there.

So, if you answered yes to the title of this story, you need to concentrate on "intelligent assessment of what really needs to be done, setting those as targets and getting them actually fully DONE." If you spend time doing these exact steps with each area of your dealership you'll be reaching those growth goals that seem so elusive. Just assess the area, set targets and make sure they are completed on time, it's that simple.

Questions for Jim?
Reach him at 631.382.7762 ext. 101
jkahrs@prosperityplus.com.

CAN WE TALK ABOUT YOUR MARKETING?

It Can Only Help!

"Our website looks sharp!
I went through the entire website. It'd been a while, and this time reviewing it refreshed my awareness of a lot of positive things about our company. Including the high degree of solutions and support we provide. I also took notice of how sharp and easily navigable our new website is. We certainly appreciate the creative marketing support that you provide us."

G.R. - Little Rock, AR

CONTACT US TODAY FOR A FRIENDLY CONVERSATION ABOUT YOUR MARKETING.

631.382.7762

Qualities of Leadership

written by L. Ron Hubbard

In order to get his job done, an executive must be someone from whom others are willing to take orders.

The first test of any follower of a leader requires the leader to meet is competence. Does the leader know what he is doing? This is already covered in the definitions of an executive. For if an executive meets these definitions, those to whom he must give orders are very likely to receive them in confidence.

There is a great deal of mystique (qualifications or skills that set a person or thing apart and beyond the understanding of an outsider) connected with leadership. Most of this mystique is nonsense; however, it is necessary that one who leads can attract attention and that he can enthuse and interest others. Simply knowing more about the subject than others or knowing more about organization than others can cause an executive to be regarded respectfully or even with awe.

A common denominator to all good executives is the ability to communicate, to have affinity for their area and their people and to be able to achieve a reality on existing circumstances. All this adds up to understanding. An executive who lacks these qualities or abilities is not likely to be very successful.

Understanding, added to competence, is probably the most ideal character of an executive.

Continued on next 10.

Qualities of Leadership

From page nine

The ability to lead can also be compounded of forcefulness and demandingness and these two qualities are often seen to stand alone in leadership without regard to competence and, though acceptable to juniors to the degree that they will obey, are no long-term guarantee of an executive's supremacy. While they are often part of a successful executive's personality, they are not a substitute for other qualities and will not see him through. He must truly understand what he is doing and demonstrate competence on a long-term basis in order to achieve distinction and respect.

In all great leaders there is a purpose and intensity which is unmistakable. Plus there is a certain amount of courage required in a leader.

A man who merely wants to be liked will never be a leader. Others follow those who have the courage to get things done even through they say they follows those they like. A broad examination of history shows clearly that men follow those they respect. Respect is a recognition of inspriation, purpose and competence.

The qualities of leadership are not difficult to attain, providing they are understood.

> “Understanding, added to competence, is probably the most ideal character of an executive.
>
> L. Ron Hubbard
> Originator of the Hubbard® Management System.

SO YOU'VE BUILT A SUCCESSFUL BUSINESS. NOW WHAT?

- Grow your business through successful acquisition
- Create a succession/exit plan
- Get a true market valuation for your business

Let Jim Kahrs and the Prosperity Plus team help chart a course to your goals. Having the right support makes all the difference.

Prosperity Plus is the most respected M&A firm in the industry with more than 20 of success in helping dealerships achieve their goals.

CONTACT US TODAY

631.382.7762 | JKAHRS@PROSPERITYPLUS.COM

Prosperity Plus

Vol. 10 No. 1 | February 2022

Valuable Words

How Your Age Shapes Your Exit Plan

Your age has a big impact on your attitude toward your business, and your feelings about one day getting out of it.

For example, one person who runs a boutique mergers and acquisitions business refuses to take assignments from business owners older than 70.

He has found that septuagenarians are so personally invested that they can rarely bring themselves to sell their business – frequently calling off the sale halfway through, claiming they just wouldn't know what to do with themselves if it closed.

While it's always dangerous to generalize – especially based on something as touchy as age – a few patterns emerged in the research for *Built to Sell: Creating a Business That Can Thrive Without You*.

Continued on page 13

How Your Age Shapes Your Exit

continued from page 12

25 - 46

Twenty-and thirty-something business owners grew up in an age when job security did not exist. They watched as their parents got downsized or packaged off into early retirement, and that resulted in a somewhat jaded attitude towards the role of a business in society.

Business owners in their twenties and thirties generally see their companies as a means to an end, and most expect to sell in the next 5 to 10 years.

Similar to their employed classmates, who move to a new job every 3 to 5 years, business owners in this age group often expect to start a few companies in their lifetime.

47 to 65

Baby boomers came of age in a time when the social contract between a company and an employee was sacrosanct. An employee agreed to be loyal to the company, and, in return, the company agreed to provide a decent living and a pension for a few golden years.

Many of the business owners in this generation think of their company as more than a profit center. They see their business as part of a community and, by extension, themselves as community leaders.

To many boomers, the idea of selling their company feels like selling out their employees and their community. That's why so many chief executive officers in their fifties and sixties are torn: they know they need to sell to fund their retirement, but they agonize over where that will leave their loyal employees.

65 +

Older business owners grew up in a time when hobbies were impractical and discouraged. You went to work while your wife tended to the kids (today, more than half of businesses are started by women, but those were different times), you ate dinner, you watched the news and you went to bed.

With few hobbies and little other than work to define them, business owners in their late sixties, seventies and eighties feel lost without their business – that's why so many refuse to sell or experience depression after they do.

Of course, there will always be exceptions to general rules of thumb, but frequently – more than your industry, nationality, marital status or educational background – your birth certificate defines your exit plan.

Questions about your exit?
Reach Jim Kahrs at 631.382.7762 ext. 101
jkahrs@prosperityplus.com.

UPCOMING SEMINARS

Jan 20
Make Your Plans Succeed

Feb 17
Buy-Sell Agreements

March 17
Business Sale Rundown

April 21
Succession Planning

May 19
Successful Sales Plans

June 16
Business Value Drivers

SEMINAR SERIES

Registration Open
Just Click on Your Choice

Prosperity Plus