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smart **Advice for Success!**  
**Business**™  
 matters

## Sharpen Your Skill Set

When business is slow, carve out more time to sharpen the skills you have and acquire new ones. It will pay off when business picks up.

There are many ways to update current skills or learn new skills. If you are unsure how to proceed, ask yourself: What do I need or want to learn, and how much time and money am I able and willing to invest? Identify pressing needs and long-term educational goals. Then, consider how you can effectively meet your educational needs in terms of requirements and the time and money you can afford to invest. You might sharpen some of your skills with little time and/or money. Goals such as requiring a new skill set, or perhaps a degree, may require further education, more time, and more money.

**Read a Blog.** Industry gurus abound and many can be found sharing their knowledge through an internet blog on a regular basis. Once you find a reliable, informative blog, bookmark it and check in regularly. If an RSS feed is offered, allow the feed, and the information will come to you. You can drop it if you outgrow it. It is a free, steady stream of current information.

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- Read a Blog.**
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- Pack Your Bookbag.**

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# Features, Functions, and Benefits, Oh My!

Following three simple steps may make the difference between success and blowing a sale.

One of the fundamentals of making a sale is to demonstrate value to your prospective buyer. Outlining the features, functions, and benefits (FFBs) of your products or services is a wonderful selling tool. It demonstrates your knowledge, which builds trust; it links product and service knowledge directly to benefits, which identifies direct value to your customer; it may allow your products or services to “sell themselves;” and it easily leads you directly and smoothly into “the ask.”

**Feature.** A specific feature of a product or service tells your customer “What it is.” An auto-focus on a camera, copy-editing services, and side airbags are all features. Grab a piece of paper and a pen, take some time to reflect on your products and services, and jot down as many features as you can. Then, take the next step and think about one or more functions for each feature. Why? Because a feature is meaningless to your customers if they do not understand what advantage the feature provides to them.

**Function.** A function of a feature should explain the advantage of a feature, “What it does.” The auto-focus on a camera allows you to obtain correct focus on a subject. Copy-editing services will catch and correct spelling errors and poor grammar, and refine a sales pitch. Side airbags inflate upon side impact of your car. One feature may have several functions, so be sure to consider and write down as many possibilities before you move on to the final step—benefits.

**Benefit.** The crucial last step is to answer the question that is lingering in the mind of your buyer — “Why should I care?” Why should I care about the auto-focus that allows me to obtain correct focus, the copy-editing that



will correct my mistakes, or the inflating side airbags? Other salespeople may have listed the features, and perhaps the functions, but you can make the sale by answering that question. It is your job to follow through. There may be more than one benefit to a function, so take some more time to reflect and jot those benefits down.

**Bring it home.** Once you have an understanding of features, functions, and their benefits, you are in a better position to drive home the value to your customer. Assuming you’ve asked some questions about what your customer wants, you can also focus on presenting the benefits that are most important to your customer. This camera features an auto-focus that will obtain correct focus on your

subject giving you a sharp professional photo. Another benefit is that it can focus faster than you, so you are more likely to catch those important moments. Copy-editing services will catch and correct spelling, typo, and grammar errors and refine your sales pitch, providing you with a polished presentation that will demonstrate your capability and professionalism to your customers and facilitate sales. This car model features side airbags that inflate upon impact from the side. They offer you and your family more safety from side impact crashes...and I know your family’s safety is very important to you.

Play with your list and have your staff create their own lists. Have fun with it. If you and your staff deliver your features, functions, and benefits in person or over the phone, practice them until they feel natural, but not canned. Role-play helps and makes a great team activity. If your marketing materials and website need a little more drive, include your FFBs there as well. This approach is a great sales tool that builds credibility and trust and motivates your customer to help you make that sale. And you would like to make more sales, wouldn’t you?

**SMILE WHEN YOU SAY THAT** Wear a smile when you speak with customers by phone. No matter how carefully you choose your words and how adept you are at conveying information, handling customer issues, or making a sale, phone conversations are likely to go much smoother if you keep a smile on your face. The tone of your voice can reveal your true emotions, and your tone of voice is closely linked to your facial expressions. If you wear a frown, your tone will be cooler or harsher. Wear a smile, and your tone will exude warmth, interest, and enthusiasm. To convey energy and enthusiasm, try standing up while you call. The last thing you want to convey to a customer is irritation, stress, boredom, or exhaustion, and research has shown that your tone of voice over the phone can be more than 80% of the message. So before you dial, or before you pick up that phone call, remember to smile.

# How Well Does Your Inventory Perform?

Track turnover to measure how quickly your inventory moves

A tight economy demands high performance in all areas, which is why it pays to keep tabs on your inventory, one of your company's largest investments. How you manage your inventory can be the ticket to soaring profits — or the anchor that pulls you under.

$$\text{Inventory Turnover} = \frac{\text{Cost of Goods Sold}}{\text{Average Inventory}}$$

$$\text{Average Inventory} = \frac{\text{Beginning Inventory} + \text{Ending Inventory}}{2}$$

**What is inventory turnover?** Turnover equals the cost of goods sold over a period of time (a year, for example) divided by the average inventory for that time period. It is a key performance indicator (KPI) for product-based companies — one of many measures of financial management, and it is also a contributing factor to overall ROI.

**Inventory is an investment in your future.** You purchase and stock materials or products to enable current and future fulfillment of sales. The way you purchase your inventory affects your ability to operate and expand your business. For example, two companies each sell \$50,000 of product (at cost) per year and each makes a \$20,000 gross profit for that year. Company A purchases its entire inventory at the beginning of the year, investing \$50,000 to make \$20,000. However, Company B purchases \$10,000 of product at the beginning of the year and makes four similar purchases to replenish their stock as it is sold. Company B invested \$10,000 to make \$20,000. The money Company B saved by making smaller more frequent purchases was available for new product lines, marketing initiatives, or other areas to foster company growth—and it probably avoided significant interest costs and the risk caused by additional debt.

**Calculate your inventory turnover with a simple equation.** To calculate your inventory turnover for the year, divide the Cost of Goods Sold (COGS) from sales of inventory by the Average Inventory investment for the year. For ease of calculation, let's assume that both companies replenished their inventory on the last day of the year — so that Company A ended with \$50,000 in inventory and Company B with \$10,000. Average Inventory is Beginning Inventory plus Ending Inventory divided by 2. In our example, Company A turned its inventory one time (\$50,000 COGS divided by average inventory of  $(50k + 50k) / 2 = \$50,000$ ). Company B turned its inventory 5 times (\$50,000 COGS divided by average inventory of  $(10k + 10k) / 2 = \$10,000$ ).

**How frequently should you measure your inventory investment?** Some companies maintain a small value of inventory and can monitor their investment annually. Companies with a high value of inventory, particularly if seasonal in nature, should calculate the value of all items on hand

monthly. For consistency, make your calculations on the same day each month and use the same cost basis (average or last cost for example) on both COGS and inventory investment.

**What is the optimal turnover rate?** Although the average for your industry may be a guide, as always, there are many other factors to consider in determining an optimal turnover rate for your company: procurement and storage costs, quantity discounts, whether your inventory is centralized or dispersed, impact of inventory shortages, variability of product demand, whether stock is readily available or subject to large price variances, and maturity of the product you sell are a few. Stated simply, in order for your company's inventory to perform at optimal levels, you must keep enough inventory on hand in order to effectively meet customer needs and make sales while minimizing your investment in inventory.

## What might your inventory turnover say about your company?

Low turnover can point to potential problems such as overstocking, products approaching obsolescence, improper purchasing practices, weakening product demands, or ineffective marketing and sales efforts. However, a low turnover rate can also be a result of stocking up to take advantage of rising prices, to serve growing or seasonal customer demands, or to avoid shortages. High turnover can indicate that your company's inventory is at peak performance. A very high turnover rate, however, can indicate that your company has ineffective purchasing practices or is encountering frequent shortages that reduce sales, weaken production efficiency, and erode profits.

**Many inventory product lines and parts to manage?** If you maintain a high degree of commonality of parts or ingredients among your products, you may be able to monitor turnover across the entire product line. But for parts inventory that are highly product-specific, you may want to calculate the turnover by product or product line. Actively managing turnover may be most effective on a subset of inventory items that are high-value, perishable, and/or most subject to obsolescence.



business meeting, or in your spare time. Many magazines offer an online choice (either free or low-cost) that you can easily access through your laptop or smartphone.

**Teach Yourself.** Texts are available on any subject, and the cost of a quality training or self-help manual is far less than the cost of a class. Tackle your training as if you would any project, and hold yourself accountable; create a training plan with a time frame and goals for each chapter. Allot enough time daily or weekly to read, practice techniques, reflect upon what you read, review additional resources, and test yourself. Set aside time when you are at your best and have no interruptions. If you can't focus in your office (or home), go to a quiet room, coffee shop, or library to study.

**Attend a Conference.** From the basics to new techniques, methods, ideas, and products — conferences can be a fountain of information. If you only attend one conference a year, find one that offers substantial learning opportunities through informative class sessions or round tables. Evaluate session information and presenter biographies. Once you have selected a conference, plan your conference day around those sessions that are most valuable to you, and use your extra time to check out new products or services and to talk with vendors. You can learn much from other professionals attending the conference, so be sure to network and share experiences.

**Attend an Association Meeting.** There are hundreds of industry, profession, and trade associations out there. Check out the ones in your area. Many offer no- or low-cost educational meetings and seminars. Some offer certification training. You might want to join or get on a mailing list to watch for topics of interest to you.

**Hire a Consultant.** Consultants are available to do more than solve problems. They can also provide training in an area in which you feel your skills are lagging.

## Teach to Learn

Sometimes the best way to sharpen your skills is to teach what you know to others. You need to understand a subject more completely to teach it than to simply apply it. When you teach a short-term or one-time class, you can develop a deeper understanding of the subject, derive satisfaction and pride from educating others, relearn some aspects of your work, and learn new material to present to your class. Teaching will require an investment of time, but you also may be able to earn a little money in the process.

If you need to brush up on sales skills, public speaking, budgeting ability, hiring methods, computer skills, or more, consider hiring a consultant to provide you with an honest assessment, train you, and show you how to continue to improve your skills.

**Take an Adult Education Class.** If you need a little training in a specific area or you want to explore a new interest, you may benefit most from an adult education class at your local high school or college. Costs are generally low and the time commitment might range from one or two sessions to once a week for five to ten weeks.

**Pack Your Bookbag.** You might consider a return to college to take several courses, earn a certificate, or earn that degree you always wanted. Since higher education requires more of an investment in terms of time and finances, ask yourself what additional education will more quickly help you to reach your business and personal goals or learn new theories or practices in your current area of expertise. How much money can you spend and how much time can you allot away from the business and still keep it viable? What family concessions may need to be made? Colleges are offering many different paths to achieve the same end (online, weekend, nights, and part-time learning); choose a path that works for you and your family and to which you can safely commit.

**YES, THERE'S AN APP FOR THAT!** Whether you use an iPhone or a Blackberry, apps (applications) for your smartphones offer more than just fun and games. There are so many tremendous apps for business people available today: weather, news, and travel apps; productivity apps for tasks like contact and project management; financial apps to help you manage your money and exchange currency; utility apps to help you get the most from your smartphone; reference apps that run the gamut from standard dictionaries to specific industry references and tools (such as typography and color charts); and so much more. Chances are good that if you have a business need that must be handled on the road, there's an app for that. With more apps being introduced every day, you can expect to see increased smartphone access to books, training manuals, and other educational sources in the near future.