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A Manual of Five M's of Management Clinics

Howard University Department of Business Administration

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A MANUAL ON
FIVE M'S OF MANAGEMENT CLINICS
HOWARD UNIVERSITY
WASHINGTON, D.C.
A MANUAL ON FIVE M'S OF MANAGEMENT CLINICS

APPENDICES

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A-2 Session No. 2 - Men (Questions)
A-3 Session No. 3 - Markets (Questions)
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Price $2.00

Prepared by the

Small Business Guidance and Development Center

Department of Business Administration

HOWARD UNIVERSITY

Washington, D. C.

September, 1966
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This manual on the Five M's of Management Clinics is the first of a Series which the Howard University Small Business Guidance and Development Center expects to issue during the near future. The second one will be on Problem Clinics and the third, on Individual Counseling. All will be based upon actual programs tried out in Washington by staff members of the Center and modified by experience over the past two years.

The Five M's of Management are Managers (owners), Men, Markets, Money, and Methods. The purpose of such a program is to provide a place for the interchange of management ideas among 12 or 13 owners of small business firms. There are no speakers, only a conference leader. Held the same weekday evening for five weeks, there is no planned outline; just a series of questions on each topic. There is no student preparation; just some pertinent handouts. If the businessmen have original questions, they are substituted for those on the list as long as they apply to the broad subject announced for the evening.

Probably the greatest value of these clinics is subjective rather than objective. One thing the small businessman often lacks is confidence; confidence in his business, his products, his policies, his methods, and in himself. The group is small, those present are just other operators of small firms and each participant learns sooner or later that his problems are the problems of the others and their solutions often fit into his situations.

He quickly learns that some of his current problems have been solved by others around the table. He gains confidence in himself and his business and as he gains confidence, he exercises greater initiative in solving his management problems which results in more prompt decisions. As the owner, he is the decision-maker. Without decisions, the business drifts; with decisions; it moves forward.

The Five M's of Management Clinics program is quite flexible and can be adapted to any locality and any group. In the text that follows, there is a simple explanation of how such a clinic can be planned and carried out together with a list of questions on each subject and handout papers which the Howard Center used last year.

The Howard University Center used its individual management counselors as conference leaders. Mr. French F. Stone, Assistant Director of the Center was in charge, assisted by Donald Glassie, Guy Jones, and Bert Smith, management counselors. Credit goes to Mrs. Louise Marsh, for outlining the Manual, writing the text and pulling together the material in the appendices.

The Howard University Small Business Center is happy to give credit to L. T. White, a pioneer in the broad field of counseling small business, for bringing the idea of the Five M's of Management Clinic to the Center and trying it out under the observation of some of the Staff. As you will note, a substantial number of the handouts were presented by Mr. White to the Center for its use and incorporation in this manual.

The Staff distributes this Manual with a full realization that the methods and techniques can be and will be improved and welcomes suggestions for their betterment. If interest and use warrants it, a second edition will be forthcoming in due time. This Manual is offered to you for whatever use it will provide you in strengthening the management fabric of small business in your community.

August, 1966

Wilford L. White, Director
THE 5M'S CLINIC AND THE SMALL BUSINESSMAN

Managers, Men, Markets, Money and Methods -- the understanding and wise use of these 5M's or determines the health and growth of any business. Where a small business is concerned, however, management means just one man or woman, the owner, and its success or failure in most follows from what he thinks and does.

It is this man or woman, the owner of a business employing no more than ten people and probably engaged in one of the retail or service trades, that the 5 M's of Management Clinic is designed to reach. What personal qualities on the part of the owner will contribute to his success? What problems must he overcome? What are the most promising ways of dealing with them? In the course of the Clinic the participants should be led through discussion of the 5 M's to seek answers to these questions for themselves, and, it is hoped, be motivated to act upon them.

The image which the small-business man has of himself is crucial, for his business is the reflection of his own self-evaluation. If he sees himself as the helpless victim of circumstances because of lack of training, lack of money, or poor location, he is not likely to be successful in improving his position until he adopts a more positive and imaginative approach. With this in mind, the theme of all 5M's Clinics, as stated by one conference leader, is "There is not a single business problem brought to a clinic that someone at the clinic hasn't already solved."

The purpose of the Clinic is not only to impart information on the 5M's but to do it in such a way that the business man will gain an understanding of his problems and be encouraged to take effective, intelligent steps to solve them. By encouraging the men and women seated around the table to share their positive insights into the basic concerns of management, the conference leader can encourage them to define their problems, seek assistance, and act upon suggestions. The Clinic itself is only a first step in what must be a continuing process of development in understanding and imagination on the part of the owner if his business is to exhibit continued and profitable growth.

The usual tendency of the average small-business man is to define his problem as a lack of money, thus mistaking the symptom for the cause. The give and take of discussion around the table with others whose problems are similar is a useful device in pinpointing the actual causes of difficulty and exploring possible solutions.

For example, one businessman enrolled in a 5M's Clinic had purchased a large stock of spark plugs, brake shoes, and carburetors because they seemed to be a bargain. However, he failed to sell them in a reasonable time. Others in the group had had similar experiences, and they concluded that he should dispose of these items at prices low enough to clear them promptly from his shelves. The point was made that future purchases should be on the basis of what could be sold at a profit, not merely on what could be bought at bargain prices.
In another case, the owner of a wholesale dry cleaning plant realized that his business would grow more quickly if he directly solicited new accounts instead of depending entirely on the word of mouth advertising provided by satisfied customers. The degree of success of the Clinic for the individual attending depends upon the extent to which he recognizes and defines his problems and seeks group assistance.

Many times the very desire for independence -- so that he can be his own boss -- may keep the new business man from utilizing the sources of management assistance available to him. The 5M's Clinic, as it has been conducted at the Small Business Guidance and Development Center at Howard University, provides an atmosphere in which the members of the group can share experiences and ideas. The typical small-business man is more inclined to act upon a good suggestion given him by a fellow businessman than on one from a professional counselor.

THE PLACE OF THE 5M'S CLINIC IN THE PROGRAM OF THE CENTER

The 5M's Clinics are a part of the total program of the Small Business Guidance and Development Center at Howard University, which was established to work primarily on problems of Negro owners and managers of small businesses in the Washington, D.C. area. This program includes individual counseling by counselors from the Center who visit the shop, office or store to discuss management problems with the owner and make recommendations.

The individual counseling program, necessary and effective though it is, does have limitations, and to overcome these a group counseling program has been developed. Many times a business man because of lack of time or lack of confidence in his own ability will delay in applying suggestions made by a counselor. Various forms of group counseling have been found effective in reducing the time lag between counseling and acceptance of new methods and procedures. Among these are the 5M's of Management Clinics, Problem Clinics, Administrative Management Courses, and Advanced Courses; Workshops, and Seminars.

The members of the 5M's Clinics, unlike those of the Problem Clinics, represent a variety of businesses. The sessions are concerned, not with a specific problem in a specific type of business, but with the concepts basic to sound management of all businesses. The individuals in the sessions naturally focus discussion on their own business problems.

ORGANIZATION

The 5M's of Management Clinic, then, is a discussion group of not more than twelve people designed to explore in an informal atmosphere the problems of how to increase their own effectiveness (Management); get business (Markets); how to use money (Money); how to hire and train employees (Men); how to plan and budget (Methods). The main advantages
of this approach lie in group participation which gives the members of a clinic a chance to develop business background, understanding, and confidence largely through the exchange of experiences.

Many times a small-business man tends to feel that the courses and materials supposedly developed for him do not actually apply to his own situation. By developing the topics in response to the questions and answers provided by the group, the coordinator can help each one see the intimate relation between his own business and the topics discussed.

An example of this responsiveness is in the relative time spent on each of the topics. Although each of the four conference leaders at Howard University agreed that Methods was the subject requiring the least discussion in the groups they had worked with, one said that in his group Men had taken 35% of the total time, while another felt that Markets had been the topic of greatest interest. The other two men felt that the three topics, Men, Markets and Money—had been equally important to their groups.

It is entirely possible that another leader in another place working with other businessmen with different interests and problems would, in response to the group, divide the five two-hour sessions in still another way. In other words, the leader should know his material and his community well enough to be flexible in his approach so that those present can see clearly how to apply the discussion to their specific needs. He need not necessarily spend an entire session on each of the topics but should feel free to make necessary adjustments.

It is impossible, of course, to plan such flexibility in advance; to achieve this ability the discussion leader obviously must familiarize himself with all of the material prior to the first meeting. A list of the questions and a few hand-outs on each of the 5M's will be found in the appendices A and B. They have been used in the 5M's Clinic at Howard University as the basis of discussion.

THE COORDINATOR AND THE ADVISORY COMMITTEE

If the Clinic is sponsored by an educational institution such as Howard University, a member of the staff would probably organize the Clinic and serve as conference leader. A professional management consultant could also fill this position.

It is possible, of course, for this man to stage the entire program alone, but in that case the success of the Clinics will depend entirely upon his abilities. Many institutions prefer to use an advisory committee of five to seven men in planning activities such as a 5M's Clinic, in addition to the conference leader.

The leader is the one who would normally contact prospective members of the advisory committee and conduct the meetings. To provide a link between the school and
businessmen the committee might include such people as a banker, accountants, lawyer, chamber of commerce representative as well as businessmen. Probably the committee need meet only twice.

At the first meeting the leader would explain the purpose and method of the 5M's Clinic, describing the topics. Since Managers, Markets, Money, Men and Methods are by definition the subjects of a 5M's Clinic the committee will not choose topics. Its members may, however, have suggestions about their application to local conditions or their relative importance to those likely to attend.

At this meeting the leader should ask the committee to suggest the dates, time, and place for the Clinic sessions. Other functions of the committee are furnishing mailing lists of interested businessmen and helping with promotion.

Following the suggestions made by the committee, the coordinator will then reserve the meeting place for the specified times, prepare a letter and/or brochure, and have this material reproduced. In other words, all the details of planning, organizing, and conducting the Clinic are now his responsibility.

In view of this fact, it should be noted that the conference leader may receive pay in addition to his regular salary for organizing and conducting the Clinic. Certainly this will be true if he is not a staff member of the sponsoring institution.

The chief business of the second committee meeting is promotion. If the members represent a cross-section of the community, the contacts they make should be enough to recruit twelve men who will want to attend the Clinic.

The Advisory Committee can be especially helpful in setting up a 5M's Clinic for the first time. Its function will not be as important in planning subsequent clinics, but it can still aid the school in reaching new people, especially if its membership is changed from time to time.

PUBLICITY AND PLANNING

Once the decision to conduct a 5M's of Management Clinic is made a number of practical questions arise. How far in advance must the committee make plans and arrangements? Who shall be invited to attend? When shall the meetings be held? How large should the group be? What have been the most successful methods of publicity? How much will it cost?

In planning for the Clinic the Committee must keep in mind that it is designed for the small-business man or woman; that is, one who has a maximum of ten employees or who may have no employees at all. He, moreover, is the owner, not the prospective owner, of a business, and, it may be assumed, is interested in making it prosper although
he may hesitate to put new ideas into effect without some assurance that they will be successful. He needs knowledge, confidence, and initiative. Everything connected with the clinic from the publicity to the arrangement of the chairs, then should be designed to reach this owner of a quite small business and help him develop these qualities.

First of all, the sessions must be held at a time when a businessman would be free to attend. A number of factors, varying to some extent with the locality, will influence the time selected. For example, late November, December, and January probably would not be convenient for many retailers. Likewise attendance in summer months may be poor. September, October, and early November in the fall and February, March, April, and May in the spring are likely to be the most desirable months to schedule the Clinic.

Again the day of the week as well as the hour chosen will affect both registration and attendance. Are the businesses whose owners are to be invited open late on any night? Are there any other regularly scheduled meetings or activities (church, fraternal, and business groups) which will conflict? How early can meetings be held so that attendants can close up, eat, and arrive on time without being rushed?

According to a survey made by the Small Business Administration of 231 courses offered in 1959-60, 43 were held on Monday, 63 on Tuesday, 51 on Wednesday, and 41 on Thursday. Only 6 were held on Friday, and the remainder met on more than one day each week. According to the same survey, 7:00 and 7:30 P.M. were the most popular opening hours.

Once the basic decisions regarding time and place have been made, the committee in charge must decide how to publicize the Clinic. If the means chosen to promote it are attractive and effective, they will go far to insure good response from the business community and establish rapport between the coordinator and the group at the first meeting. Although general publicity, such as news releases in the papers and spot announcements in time donated by local radio stations, has its place, the most effective forms of promotion are likely to involve some kind of personal contact. A directory of local businesses may provide the names and addresses needed to make the initial contacts.

The Small Business Guidance and Development Center at Howard has duplicated brochures which employees of the Center have distributed personally. Also at the fourth of the five Clinic sessions members of the group are asked to turn in names of acquaintances who may be interested in attending a future clinic. This latter idea is perhaps the best source of new names. Needless to say, the identity of the individual supplying the names is not revealed in letters to prospective students unless he is willing. Contacting possible students by telephone may also be effective.

Another approach to the enrollment of businessmen in the clinic, which has been used in some localities, is to work through those who inform, supply, or advise them. The

1 George C. William, Jr., ed., Planning and Coordinating Administrative Management Courses, p. 22.
man who needs the management training provided by the clinic is likely to be dependent upon such outside help.

The ad man of the local newspaper knows who needs help in preparing copy. The accountant who prepares the tax forms, the banker who must decide whether or not to grant a loan, the lawyer and insurance agent who advise him on how to safeguard his business -- these men know who needs management training. Also included are the wholesalers and manufacturers who supply the small businesses. It is to their advantage for their customers to be better informed on the skills of management.

While these men may not supply the advisory committee or the coordinator with a list of names, they may well be willing to promote the clinic by distributing brochures to those businessmen who work with them.

Actually, publicity presents a great challenge -- one which has some points of similarity to the problems of obtaining new business and which must be attacked with imagination, originality, and optimism.

Any letter, brochure, leaflet, spot announcement, or news release must, of course, contain all of the essential information: 1) The name of the clinic and an indication of the material to be covered; 2) The name of the sponsoring group and of the conference leader; 3) The dates, hours and location of the sessions; 4) The registration fee; 5) Information on how to register; 6) A registration blank.

Another factor of utmost importance in connection with publicity is timing. A notice which is received too far in advance is likely to attract little immediate attention and possibly will be completely forgotten in the rush of more pressing events.

One that is received too close to the date does not give the businessman time to arrange his affairs so that he can attend. Any notice or letter, therefore, should be sent out so as to arrive at least two weeks before the scheduled date.

From this it follows that planning for the clinic should begin early enough to allow adequate time to secure a conference leader, make the physical arrangements for the meeting, and most important, prepare, reproduce, and distribute material advertising the clinic.

Probably two or three weeks will be required from the first committee meeting to the day that the announcements of the clinic are mailed. Since the prospective students should receive them at least two weeks before the clinic is scheduled, the total length of time required from the first advisory committee meeting to the first session of the clinic would be five or six weeks. A few days in addition will probably be needed to contact men to serve on the advisory committee and set up its first meeting.
DESCRIPTION OF MEETING

Since the topics of Managers, Men, Markets, Money and Methods are explored and developed through informal discussion by the group, it is important that the size of the group be limited. Even allowing for occasional absences, twelve has proved to be a workable number because it provides a large enough group for a lively interchange of ideas while still being small enough to allow each one an opportunity to speak several times.

Since a 5M's Clinic is not a formal class, the room should not be arranged to look like a classroom. If the chairs are placed around a large table and the leader is seated with the group, the men will feel more at ease and find it easier to contribute their ideas.

Naturally the conference leader can keep their attention better if the room is well lighted and comfortable. He will also find it helpful to use a blackboard to emphasize points made during the sessions. Some leaders may want to use it to list major points to be covered that evening and check them off. This device can be useful in keeping the discussion on the subject.

Serving coffee at the end of the first hour is another practice which helps to establish an informal, friendly, atmosphere. Some who are slow to talk in front of the whole group will express themselves more freely to the discussion leader or the other men during a coffee break. Also it gives the leader an additional opportunity to become sensitive to the interests and needs of the individuals present.

ENROLLMENT AND FEES

Registration should be as convenient and easy as possible in order to obtain a good response to the 5M's Clinic and any other training opportunities that may be offered. Probably the best method is to include a short, simple registration form in any publicity which is distributed. This, together with the check, can be mailed back and registration completed.

The form should include the name, business address, telephone number, and type of business. If possible, the conference leader may find it helpful to see these forms before the first meeting to become familiar with the names and to learn what types of businesses will be represented by the group.

Again it follows that the registration fee should be as low as possible if the clinic is to serve those for whom it is chiefly intended. The actual amount may vary according to the expenses which it must cover. For example, the salary of the clinic conference leader and the room may be provided by the sponsoring institution, but in other cases these expenses will have to come from the collected fees. Other items to consider in determining the fee are publicity program materials, coffee, and certificates.
Although the fee should be low enough so that any businessman can easily afford to register, it is worth noting that there is a psychological advantage in charging at least a nominal sum because paying for the course will result in much better attendance and encourage the adoption of some of the ideas taken home from the sessions. Howard University charges $10, two dollars a session.

MATERIALS

The materials accompanying this manual will be found in the Appendix. They consist of four sets of information sheets. Appendix A includes five lists of questions, one for each weekly topic. These lists can be used as presented, they can be modified or entirely new lists of questions can be worked up either for the use of the conference leader or for distribution to each member of the clinic.

The leader can start at the top of the list, the bottom or any place in between, depending upon his knowledge of the interest of those attending the clinic. It should be remembered that it is much more important to follow up the questions raised by the men present than it is to stick to the printed list.

Appendix B contains lists, summaries and brief statements that were handed out by one or more of the Center's leaders and are reproduced for considered use by others. Single copies of an SBA Aid can usually be secured from their nearest Field Office. A single copy of the Center's BRIEFS will be mailed free upon request. They can be reproduced en toto locally if desired since neither series is copyrighted.

It is not presumed that the leader of any one clinic will use all of the material to be found in Appendix B. In fact, he may not use any of it. Because of their simple, basic character, however, if they are used, the typical conference leader can add explanations to the outlines from his own experience. Some of the leaders of the Howard Center hand out an item with sufficient advance explanation to encourage some discussion. Others hand them out with little or no discussion but stand ready to discuss questions raised, possibly turning them back to the businessmen for discussion.

Appendix C is an evaluation sheet which really has never been used as such at Howard because it is a composite of those which were tried out. It might be distributed at the beginning of the last session, just after the coffee break of that session, but not at the close of the session. If the form is passed out at the close or later mailed to the places of business of the participants, the percentage return will be quite small or non-existent.

Appendix D illustrates a certificate given to those Howard participants who attend four of the five clinic sessions. There are a variety of ways these can be printed up locally and distributed. Howard University has the form you see printed, the name of the student is hand lettered, and the signatures of appropriate officials are secured in advance. These certificates are highly prized by most businessmen attending the clinics, often framed and hung on a wall of their business establishment.
There are a number of other useful materials which can be handed out at the close of the evening. Sources of helpful publications are the Small Business Administration, National Cash Register Company, and the American Telephone and Telegraph Company. A booklet, The How of Successful Selling, can be obtained from the University of Illinois at $.50 a copy. No doubt many other businesses and schools have suitable material available. Use of such publications will acquaint the business men attending the clinic with new sources of helpful ideas and give them something to refer to later.

To illustrate the subject and focus interest during the sessions the leader may use an overhead projector. Appropriate transparencies for use in overhead projectors are available from the Small Business Administration Field Office on loan. In short, the same imagination and initiative the business man needs must be exhibited in the planning and presentation of the 5M's clinic.

THE CONFERENCE LEADER AND THE CLINIC

Since a 5M's Clinic is not a textbook-oriented schoolroom course the personal qualities of the conference leader play an especially large part in its success. Unlike a seminar where different men are invited to speak at each meeting to discuss their specialties, the same man conducts all the clinic sessions. This continuity is necessary to encourage the informality and attention to the individual which should distinguish the 5M's Clinic. The materials used, the subjects covered may be identical, but one man will impress a group favorably while another may not. The success of any continuing program of management education depends on the reaction to the quality of instruction.

One major criticism of any course is often that the leader does not know the material thoroughly or is not prepared. In a sense this point is related to the matter of flexible response to the needs and interests of the group, which was mentioned earlier. Such sensitivity is impossible without thorough preparation. Reading just one subject ahead of the group will show in a rigid adherence to the one topic scheduled for discussion that evening. The subjects of the sessions are inevitably interlocked, and the coordinator should be able to point out these relationships. The businessmen must have confidence in his competence before they will be willing to try many new ideas developed or presented during the clinic.

A second common criticism perhaps relates more to the leader's personality than to his preparation. Since the small-business man is prone to feel that most management aids are better suited to businesses larger than his, he may be quick to describe the coordinator as "talking over my head."

Such an impression destroys the confidence which the Clinic is designed to encourage. For this reason the discussion leader must keep the nature of the group clearly in mind as he talks and answers questions. A background of teaching or some other work which has given him experience in dealing with the public is desirable. He should not
be a former associate of those he is working with, although his deep interest in their problems must be evident. His personal qualities of fairness, open-mindedness, sympathy, competence, and friendliness are important in gaining acceptance for the Clinic and any future program of assistance.

CONDUCT OF CLINIC SESSIONS

Although every 5M's Clinic leader will endeavor to encourage group participation in a relaxed, informal atmosphere, the technique necessarily will be somewhat different in each case. No two groups of people respond in exactly the same way, but some situations are bound to occur frequently. For example, the essential informality makes it easy for the discussion to wander aimlessly or for one or two vocal individuals to dominate the group. In fact, unless the leader is prepared to deal with these tendencies, they may become major weaknesses in the program.

Name tags or place cards should be prepared in advance so that the leader and members of the group can address each other by name. Each should be asked to introduce himself at the opening of the first session by giving his name and business. One leader may make a point of beginning every meeting exactly at the appointed hour while another may allow a few moments' grace. This, like other points, is a matter of individual style. Although a basic question and answer technique was used by each of the four men who have conducted 5M's Clinics at Howard, each used it somewhat differently.

One started by going around the table asking questions relating to the evening's topic. Another preferred to introduce the topic and let each person discuss it, asking questions to guide the conversation. Picking out ten target questions and trying to cover the subject in terms of these has been effective for a third. In a typical situation the coordinator may write a brief outline of the topic on the blackboard, give a summary of the previous meeting, and proceed with the discussion of questions.

To encourage individuals to make practical use of ideas gained from the clinic, the conference leader can ask if anyone is doing anything new or in a different way as a result of last week's session. Some leaders tell the group at the first meeting that they are going to do this; others feel that giving such information should be voluntary. Also, asking the men to take notes and making it easy by providing paper and pencils will help them remember specific suggestions which they may be able to use.

Whatever methods are used to start and guide discussion, the leader will remember that building up the confidence and self-respect of those present is one of his chief functions. Certainly it is prerequisite to encouraging quiet members to contribute. He must try to phrase his questions in ways that require more than monosyllabic answers. A hypothetical situation can be used effectively. For example, "If you had $25,000 to invest where would you locate a shoe store? In a suburban shopping center or downtown? Where there are other shoe stores, or where there would be no competition? Would the location
make any difference in the type of shoes you were going to sell?" The principles involved apply to many types of business, and this, of course, must be clear.

Not only must the leader encourage quiet members of the group to speak, but also he must often restrain the one who otherwise would monopolize the time. Even if that individual has much of value to contribute and speaks well, the point of the Clinic is development of management skills by all. The one who talks too much will learn little, and the others will hear only one point of view if this tendency is not controlled. Clearly the leader must be fair and retain his sense of humor as he waits for an opportunity to switch discussion to another. Obviously thorough familiarity with the material will enable the leader to keep the discussion on the point and give less opportunity for unscheduled lectures.

One possible disadvantage of the informal type of discussion meeting for the man unaccustomed to such experiences is that he may have no clear impression of what points have been made or of how the case histories or hypothetical situations used in illustration are related to those points. It is, therefore, essential that the conference leader reserve some time at the end to summarize the major points and review the conclusions of the group on each. If it can be arranged, a period for coffee and conversation midway or at the end of the Clinic will contribute further to an informal exchange of ideas. Such informal contact between the leader and the group can add to their confidence in him and thus increase his effectiveness.

SUPPLEMENTARY ACTIVITIES

Throughout the Clinic the leader should instill the thought that the 5M's Clinic is only a first step that there are many other opportunities for the small-business man, and indicate what they are. The experience should uncover to each the areas of his particular problems, such as selling, advertising, or keeping records, and what his appetite for further study. On the basis of a survey of the specific needs of the participants further clinics and courses can be planned. Sometimes members of the group themselves take the initiative in proposing future meetings, often combining discussion with social activity. Such continued association tends to keep interest alive and gives the sponsoring institution a nucleus for an advanced program.

Any future contact with those who have attended a 5M's Clinic depends, of course, on maintaining a file containing at least the participant's name, firm name, address, and telephone number. If taking part in the Clinic leads him to seek individual counseling, attend other clinics, or try some new idea gained from the Clinic, it may be valuable to record these facts also. A certain amount of follow-up will aid in evaluating the effectiveness of the Clinic and tailoring its future presentation to the needs of the local business community.

Perhaps the most efficient way to obtain an immediate estimate of the effectiveness of the Clinic is to give a questionnaire to each student to fill out during the last session.
and return at the end of the evening. These may be signed or not as the individual desires.

The very act of answering these questions may benefit the participant in the Clinic by causing him to think objectively about the material and the use he intends to make of it. The questions must be easily answered although the man who wants to write at greater length should be free to do so. Also the phrasing of the questions should not suggest what answer is expected if the questionnaire is to have any real value.

The questions should be designed to reveal the relative importance of the topics to the students. Questions on the desirability of requiring outside preparation and the use the businessman has or will make of ideas and materials from the Clinic will indicate the effectiveness of the presentation. It is probably neither desirable nor necessary to ask questions about the conference leader himself. Preferences in the choice of days and hours for courses will be helpful in planning future programs.

Discussion leaders have also made it a practice to call on at least some of the men at their places of business during the period of the Clinic. They have found that the men have had problems to discuss aside from those brought up in the Clinic. Although it may be too time-consuming to call on each one, an effort should be made to visit at least those requesting it, beginning after the second meeting. A record of these calls can be helpful in evaluating, planning, and developing materials for future use.

One practice that helps those attending feel that they belong to a group of business men who have initiative is to give each one a directory of those enrolled in the Clinic. At Howard University such a list has been distributed at the second or third session. The title, of course, will not be the same in every case, but it should underscore the sense of achievement and mutual helpfulness which the Clinic is designed to foster. For example, a possible heading might be, "5M's Men; Your Potential Consultants."

In addition to the student's name, each entry would include his firm's name, the type of business, the firm's address, and the firm's telephone number. Before the close of the fifth session, each man will evaluate each of the others in terms of his own needs. Such a list will encourage all members to call others for further suggestions and advice after the Clinic is over. In one sense, this aid might be the most important single contribution of the entire Clinic.

Having this information will also make it easier for the business men enrolled in the Clinic to do business with each other whenever it is appropriate. Also, such association will help form a nucleus of business men in the community who understand the importance of trained management in small business.

The certificates awarded at the last session to those who have attended at least four of the five meetings are another means of giving the attendants a sense of accomplishment. If they feel that attending the Clinic has been worthwhile, they will be more likely
to seek further management assistance and to encourage others to do so. A certificate is a small, but tangible, reminder to the individual that he has taken the first step in developing the skills of administrative management -- that he is more than a mechanic or clerk.

A sample certificate will be found in Appendix D.

A satisfied customer is the most effective advertisement for a 5M's Clinic as well as for a business. With this in mind, those who organize the Clinic will want to keep a record of successes resulting from it. Any illustration of growth which the coordinator knows firsthand will have more value than case histories gleaned from textbooks. Those attending will judge the Clinic by the practical results they can obtain by using the principles learned. Everything must be focused on them, their community, and their goals.
APPENDICES

1. How important is success to a business?
2. What do you consider your strongest point as a manager?
3. What do you consider your weakest point?
4. What steps have you taken to improve your weakest point?
5. Are you planning to become an administrator or operator?
6. What changes do you need to become a better administrator?
7. How do you believe your water policy changes during the last year? Why?
8. What business are you currently considering? Why?
9. Do you need more information about the business?
10. What research do you need?
11. Do you plan to get information by: (a) talking; (b) reading; or (c) observation?
12. What do you consider the risk of your business? Why?
13. What do you consider the risk of it? Why?
14. What would happen to your business if you were to suddenly withdraw from it? Why?
15. Is your business profitable? Why?
16. What do you need to make it grow faster?
17. Do you believe your business will continue after you retire? Why?
18. If not, what will you do so the business will continue?
Session No. 1 - Managers (Owners)

1. How long have you managed a business?
2. What do you consider your strongest point as a manager?
3. What do you consider your weakest point?
4. What can you do to improve your weakest point?
5. Are you a better administrator or operator?
6. What can you do to become a better administrator?
7. Have you made any major policy changes during the last year? Why?
8. What changes in your business are you currently considering? Why?
9. Do you need more information to manage your business?
10. What information do you need?
11. Do you prefer to get new information by: (a) talking; (b) reading; or (c) observation?
12. What do your employees think of your business? Why?
13. What do your customers think of it? Why?
14. What would happen to your business if you were to suddenly withdraw from it? Why?
15. Is your business growing? Why?
16. What can you do to make it grow faster?
17. Do you want your business to continue after you retire? Why?
18. If yes, what can you do so the business will continue?
1. How many employees do you have - for what jobs?

2. What is your annual payroll? (include fringe benefits)

3. What have you done to make your employees more productive?

4. Do you encourage them to suggest how sales could be increased? Expenses reduced?

5. Have you asked them to get new customers?

6. Do you have employee conferences? When was the last one?

7. How do you instruct new employees?

8. How do you upgrade old employees?

9. Have any employees resigned this year? Why?

10. Did you discharge any employees? Why?

11. Is it difficult to get good employees? Why?

12. When you need new employees, where do you seek them?

13. Do you have job descriptions written for each job?

14. Do you know where to get them free?

15. How much can you afford to spend on employee training?

16. How many dollars of sales do you get per dollar of payroll?
APPENDIX A - 3
SESSION NO. 3 - MARKETS

1. Do you know who your customers are?
2. Do you know how many actual customers you have?
3. Do you know generally where they live?
4. What territory do you serve?
5. How many potential customers are there in that area?
6. Why do your customers come to you?
7. What do you do to keep your present customers?
8. Why do all the others go elsewhere?
9. How do you prospect for new customers?
10. What can you do to attract more customers?
11. Is the average family dollar income in this territory increasing or decreasing? Why?
12. Are the number of residents of this area increasing or decreasing? Why? Anything the community or you can do about it?
13. Who are your real competitors?
14. If you have competitors, are they in better or worse shape than you are?
15. What do you say to a customer whose credit is past due?
16. Would you lose some customers if you charge interest on past due accounts?
17. What is your business worth?
APPENDIX A - 4

SESSION NO. 4 MONEY

1. Is money the most important element in the success of your business?

2. What is the difference between operating and equity capital?

3. What are the purposes of a Profit and Loss (P & L) statement?

4. What are the purposes of a Balance Sheet?

5. What are the purposes of operating and financial ratios?

6. What sources of money are open to the owner of a small business?

7. Are you presently a business borrower? If yes, for what purpose(s) did you borrow money?

8. Can a small business grow without borrowing or raising new capital?

9. What facts about your business do bankers request when you are asking for a loan?

10. Do you always buy on credit? Why?

11. Do you always take the cash discount when offered? Why?

12. Do you sell on credit? Why?

13. If so, who can extend credit and set terms of payment in your business?

14. Who is responsible for collections and does he collect?

15. What do you say to a customer whose credit is past due?

16. Would you lose some customers if you charge interest on past due accounts?

17. What is your business worth?
APPENDIX A - 5
SESSION NO. 5 - METHODS

1. Do you purchase your merchandise and supplies from too many different sources?

2. Right now, do you have merchandise in inventory which you cannot sell? If yes, what are you doing about it?

3. How do you determine how many units of an item to buy at any given time?

4. How do you handle quantity discounts? Cash Discounts?

5. Do you use personal salesmen (a) inside and (b) outside your place of business?

6. Do you advertise? If so, in what Media? If so, who writes the ads? Why?

7. What is meant by sales promotion? Do you promote sales in this manner? How?

8. Do you transfer any of your business risks to others? How?

9. What kinds of business insurance do you have?

10. Do you do any planning for your business? If so, what does your planning cover? If so, how does it pay off?

11. Do you subscribe to one or more business papers? If yes, do you read them? If yes, do you get any ideas from them?

12. Do you belong to a trade association? If yes, do you get anything out of it? If yes, cite one or more examples.

13. Are you familiar with the program and services of the Small Business Administration? If yes, which ones have you used?

14. Do you want your business to grow? Why?

15. If you do, how can you make it grow?
APPENDIX B-1-1

IMPORTANT ELEMENTS IN BUSINESS SUCCESS

By H. Naylor Fitzhugh

I. BUSINESS IS NOT MAINLY -

A. A name, address, phone number, license, and building
B. Fixtures and equipment, merchandise - even money in the bank
C. People on the payroll, and paid-up taxes
D. A money-making, or even a profit-making venture

II. THE MOST IMPORTANT BUSINESS ELEMENTS ARE -

A. Service to customers - the customer is the boss
B. Cooperative, productive, contented employees, suppliers, and creditors
C. Neighborly relationships with fellow-businessmen - even competitors
D. Good two-way relations with governmental agencies
E. Business is PEOPLE
F. Business is a set of mutually beneficial RELATIONSHIPS
G. Business is an IDEA
H. PROFIT and other compensations to owners are the REWARD for success

III. SUCCESS IN BUSINESS REQUIRES, AMONG OTHER THINGS, OWNER(S) WHO -

A. Really enjoy this line of work; are good at it; work hard at it
B. Think constantly of how to make the customer more satisfied
C. Learn the importance of MARKETING, as well as PERFORMING their services
D. Are considerate of employees, suppliers, and creditors
E. Learn what borrowed funds CAN and CANNOT do for a business
F. Have occasional strokes of good luck, and are ready to benefit therefrom
G. Are prepared for occasional set-backs and periods of bad luck
H. Recognize the true benefits and limitations of INDEPENDENCE
I. Devote sufficient time to MANAGEMENT, and planning for GROWTH
J. Learn to make use of OUTSIDE HELP

The personality traits of a successful businessman contribute measurably to the success of his enterprise.

**RATE YOURSELF**

<table>
<thead>
<tr>
<th>Drive</th>
<th>Social Skills</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>Ascendancy</td>
</tr>
<tr>
<td>Initiative</td>
<td>Emotional Stability</td>
</tr>
<tr>
<td>Persistence</td>
<td>Outgoing</td>
</tr>
<tr>
<td>Responsibility</td>
<td>Judgement</td>
</tr>
<tr>
<td>Vigor</td>
<td>Respect</td>
</tr>
<tr>
<td>Thinking Ability</td>
<td>Consideration</td>
</tr>
<tr>
<td>Analytical</td>
<td>Cooperation</td>
</tr>
<tr>
<td>Creative</td>
<td>Cheerfulness</td>
</tr>
<tr>
<td></td>
<td>Tactfulness</td>
</tr>
<tr>
<td>Ability to Communicate by</td>
<td>Business Ability to</td>
</tr>
<tr>
<td>Listening</td>
<td>Buy</td>
</tr>
<tr>
<td>Reading</td>
<td>Price</td>
</tr>
<tr>
<td>Talking</td>
<td>Sell</td>
</tr>
<tr>
<td>Writing</td>
<td>Pay</td>
</tr>
<tr>
<td></td>
<td>Please</td>
</tr>
</tbody>
</table>

Determined by aptitude tests and interviews with customers, employees and creditors of 97 successful businessmen in various lines of business and several localities.

**Personality and Success,** by Dr. Hal B. Pickle

Small Business Research Series,
U.S. Government Printing Office
Washington, D.C. Price 35¢
### SUMMARY

Organization is something small business operators are currently hearing a lot about. The term crops up constantly in the business and industrial press. To some plant owners it may sound like big business exclusively. But actually it isn’t — or shouldn’t be. The organizational setup deserves close attention in any concern made up of two or more people. Good or bad, it exists in all but the single-man firms. To rate your firm’s organization, read the following statements. After each, check as objectively as you can the response which best fits conditions in your firm.

<table>
<thead>
<tr>
<th>NO</th>
<th>YES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The term “organization” has real meaning in your firm.</td>
<td></td>
</tr>
<tr>
<td>2. Basic company policies are clearly stated in writing.</td>
<td></td>
</tr>
<tr>
<td>3. Duties and responsibilities are spelled out in detail.</td>
<td></td>
</tr>
<tr>
<td>4. Personal characteristics have been taken into account.</td>
<td></td>
</tr>
<tr>
<td>5. Standard operating procedures have been established.</td>
<td></td>
</tr>
<tr>
<td>6. Each man has just one boss.</td>
<td></td>
</tr>
<tr>
<td>7. Organization relationships are charted on paper.</td>
<td></td>
</tr>
<tr>
<td>8. Actual company conditions are recognized and reflected in the organization chart.</td>
<td></td>
</tr>
<tr>
<td>9. The top man operates within the organization framework.</td>
<td></td>
</tr>
<tr>
<td>10. Organization structure is reviewed periodically.</td>
<td></td>
</tr>
</tbody>
</table>

Now give yourself 10 points for each “yes” box checked. A score of 80 and over is good, 70 to 40 is fair, and 30 or less shows a real need for improvement. Finally, after reading the whole Aid, re-check your answers and see if your rating would be the same.
APPENDIX B-1-4

Why Not Use Everyone's Good Ideas?
by John Perry

I. Ideas for the Boss
1. Ask questions
2. Set goals
3. Invite your employees to get together on an idea
4. Set a time for listening
5. Be a POSITIVE listener
6. What about rewards?
7. Give your employees copies of this Aid

II. Ideas for the Employees
1. Prepare
2. Work with others
3. Get attention
4. Make a positive case
5. Hold your ground but don't argue
6. Keep the door open
7. Try again

Management Aids for Small Manufacturers #145
October, 1962, Small Business Administration,
Washington, D.C. 20416, free.
APPENDIX B-1-5

WHY SOME BUSINESSES HAVE GROWN FASTER THAN OTHERS

These findings are the result of a "Study of the Businessman" completed in May, 1963.

Growers were compared with non-growers in five cities and in manufacturing, wholesaling, retailing and service.

The causes of growth were found in 20 different methods used by 52 owners-managers. The following summary will interest those who want to grow faster.

Those who like their business best, grow the most. This predicts they will continue to grow in the future.

The purposes of the growers are less selfish. They aim to serve their customers and their families more than themselves.

Of the exceptional growth cases studied, all were married. None had been widowed or divorced.

They spend more hours working than the slow growers and many more hours thinking.

The rapid growers averaged fewer years in school, but they do more studying now.

They take less money out of the business and make more personal sacrifices for it.

Striving for "balanced" growth in sales, profit and net worth, they try to round out their managing abilities.

They are more selective in their sources of information; for example, they use more C.P.A.'s and fewer part-time bookkeepers.

They seek more "experienced" advice from men in their line - even from competitors.

They depend less upon free advice from those who supply them with products, loans or insurance.

The growers could name more problems, but they could also name twice as many solutions.

They have more ideas and plans for the future.
The growing men realize their mistakes of the past. They readily admit "they might be wrong" in their attitudes toward current situations.

Growing businessmen develop themselves by example. They select a person to admire and imitate. The rapid growers could quickly name the qualities in others which they desire for themselves.

Those who have grown most have more employees. They plan to add still more employees than those who have grown less.

The rapid growers are incorporated. They did so earlier and gave more reasons for it.

They are less reluctant to sell stock to the public than the slow growers are.

The majority of men who head growing businesses are middle-aged. The very young have difficulties and the aged "have it made".

Some businessmen prefer not to grow at all. They avoid the headaches of "hired help and borrowed money".

The growers are more accessible, courteous, expressive and helpful.

L. T. White, Consultant, Washington, D. C.
APPENDIX B-2-1

HOW TO SELECT NEW EMPLOYEES

When a new man applies for a job, it's best to have a short form. Fill it in so you are sure to ask the right questions. Keep it as part of the employee's record if you hire him; or file for future reference.

The following will do:

<table>
<thead>
<tr>
<th>New Employee Application</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td></td>
</tr>
<tr>
<td>Address</td>
<td>Street</td>
</tr>
<tr>
<td>Telephone</td>
<td>Military Service</td>
</tr>
<tr>
<td>Age</td>
<td>Married</td>
</tr>
<tr>
<td>Education</td>
<td>Applying for</td>
</tr>
<tr>
<td>References:</td>
<td>Credit - name:</td>
</tr>
<tr>
<td></td>
<td>Character - name:</td>
</tr>
<tr>
<td></td>
<td>Previous employer:</td>
</tr>
</tbody>
</table>

(Date employed | Position | 

L. T. White, Consultant, Washington, D. C.)
Here are a few things that the new man would like you to tell him. He will serve you better.

Here's a list of 10 classes of people who will help you fill vacancies:

1. Your employees
2. Salesmen for suppliers
3. High School - student counselors
4. Vocational School - placement counselors
5. Junior College - placement counselors
6. College and University - placement counselors
7. State Employment Security Offices
8. Private employment agencies
9. Church employment services
10. Newspaper classified ads

L. F. Weis, Consultant, Washington, D.C.
APPENDIX B-2-3

WHAT THE NEW MAN WANTS TO KNOW

Here are a few things that the new man would like you to tell him. He will serve you better and longer if you make them clear.

1. What is this firm trying to do?
2. How long have you been in business?
3. Are you growing?
4. Who is my boss? (and only one at a time, PLEASE!)
5. What are my duties?
6. What are my responsibilities?
7. What are my working hours?
8. Do you provide uniforms? Free? How often?
9. Who will instruct me?
10. What about smoking? Break periods?
11. What is my pay rate? When is pay day?
12. What about commissions?
13. With whom will I work?
14. How will I know I am doing well?
15. How can I get a promotion?
16. When do I eat? Where?
17. Who do I see if I have a complaint?
18. Whom do I tell if I have a suggestion for improving the business?

L. T. White, Consultant, Washington, D. C.
APPENDIX B-2-4
THE RIGHT START

1. MAKE THE NEW EMPLOYEE FEEL AT HOME

   Smile and call him by name
   Introduce him to other employees of the business
   Explain lines of authority
   Encourage him to ask questions
   Expect he'll succeed

2. SHOW WHERE HE'LL WORK

   Show him where to put his belongings
   Explain layout of his department
   Show him where he will be stationed
   Provide necessary tools

3. EXPLAIN THE FACTS ON HIS JOB

   Explain main duties
   Explain organization and rules
   Explain department routine
   Make clear what will be expected of him
   Explain to whom to go for help

4. SELL HIM ON HIS JOB

   Bring out importance of his work
   Sell him on this organization
   Point out advantages of his department
   Point out advantages of his particular job
   Mention possibilities of development on the job

L. T. White, Consultant, Washington, D. C.
APPENDIX B-2-5

HOW TO INSTRUCT

1. PREPARE THE LEARNER

   Put the learner at ease
   Arouse learner's interest
   Make him aware of job to be learned
   Find out what learner knows about the job
   Show the importance to his success

2. PRESENT THE TASK

   Present one idea at a time, clearly, patiently and in order
   Tell - show - illustrate - ask him questions
   Stress key points of task
   Show learner how he will use it

3. PRACTICE THE TASK

   Have learner try his hand. Tell you why he does each thing
   Have him discuss the new ideas
   Insist on correct use of timing, trade terms, etc.
   Correct errors - expand explanations

4. PROVIDE THE RIGHT ATTITUDE

   Check on his understanding - How? Why? Who? What?
   Where? When?

5. PERFECT HIS SKILLS

   Check his performance
   Commend good work
   Detect weaknesses - help him overcome them
   Suggest his next step ahead

"IF THE WORKER HASN'T LEARNED, THE INSTRUCTOR HASN'T TAUGHT"

L. T. White, Consultant, Washington, D. C.
APPENDIX B-2-6

HOW TO CORRECT

1. PLAN THE CORRECTION

   Know what error was made
   Know conditions under which error occurred
   Know correct procedure
   Consider possible individual reactions to correction
   Select suitable time and place for correction

2. PRESENT THE SITUATION

   Start in pleasant way
   Bring situation to his attention
   Have him recognize his error
   Allow him to present his side
   Stress the remedy, not the fault

3. LET HIM MAKE THE CORRECTION

   Ask him for correct procedure
   Explain correct procedure, if necessary
   Have him make the correction
   Make sure he knows how the situation should be handled
   in the future

4. CHECK RESULTS

   Allow trial period for improvement
   Commend improvement shown
   Repeat correction, if necessary
   Make sure correction is understood
   Compliment on improvement

L. T. White, Consultant, Washington, D. C.
DOLLARS OF SALES (OR RECEIPTS) PER DOLLAR OF PAYROLL

By Guy Jones

Using the latest official figures available (1961-1962), it is interesting to note the ratio between sales (or receipts) and payroll (salaries-Wages) for different types and kinds of business.

On the average one dollar of wholesale payroll accounts for $19.70 in sales; in retailing it is $12.19; services, $6.14; and manufacturing, $4.73. The dollar sales per dollar of payroll goes down as wholesaling and retailing gives way to the service trades and manufacturing. The low figures for the latter two are accounted for in part at least by the fact that they process materials.

Taking retailing alone, with its average figure of $12.19, the number of sales dollar per labor dollar ranges from $23.37 for grocery stores, meats, fish markets and fruit and vegetable markets combines to $6.42 for eating and drinking places. See list for all available figures.

In the case of the service trades, where personal service is more important and where there is some processing, the range is more modest. Tops for a specific trade is $7.15 for lodging and $7.13 for repair service except automotive to $3.30 for beauty and barber shops including schools.

For the trades and industries listed these figures give some idea of the possible average effect on sales (or receipts) of adding a new employee at a given dollar annual wage. To put it differently, allowing 6 months or so for adjustment of a new worker (or supervisor) on a new job to his new work, he ought to produce enough additional sales in dollars to equal his annual salary multiplied by the ratio for his particular kind of business.

(For example, if his annual salary on the job is $5,000 and the ratio for his kind of business (automobile repair shop) is $5.23, then his addition to the staff should produce $5,000 x 5.23 or $26,150 of new business).

If a hardware store adds a clerk and pays him $6,500 annually, within 6 months or so dollar sales should increase something like $6,500 x 12.59 or about $81,855. While these ratios are not exact and other factors are involved, they are useful in providing more than a guess as to the wisdom of adding an employee at any given salary at any given time.
DOLLAR OF SALES PER DOLLAR OF PAYROLL, 1961-62

Sole Proprietorship: Non-Agricultural Industries
Businesses With and Without Net Profit

By L. Y. White

Services

<table>
<thead>
<tr>
<th>Service</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lodging Services</td>
<td>6.14</td>
</tr>
<tr>
<td>Personal Services</td>
<td>7.15</td>
</tr>
<tr>
<td>Laundries, Laundry Service, Cleaning and Dyeing Plants</td>
<td>4.40</td>
</tr>
<tr>
<td>Photographic Studios, including Commercial Photography</td>
<td>3.30</td>
</tr>
<tr>
<td>Other Personal Services</td>
<td>6.34</td>
</tr>
<tr>
<td>Business Services</td>
<td>8.26</td>
</tr>
<tr>
<td>Automotive Services</td>
<td>6.22</td>
</tr>
<tr>
<td>Repair Service Except Automotive</td>
<td>5.26</td>
</tr>
<tr>
<td>Auto Repair Shops</td>
<td>5.23</td>
</tr>
<tr>
<td>Repair Service Excl. Automotive</td>
<td>7.13</td>
</tr>
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</table>

Retail Trade

<table>
<thead>
<tr>
<th>Service</th>
<th>Ratio</th>
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</thead>
<tbody>
<tr>
<td>Grocery Stores, Meat and Fish Mkts., Fruit and Veg. Mkts.</td>
<td>12.19</td>
</tr>
<tr>
<td>General Merchandise</td>
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<tr>
<td>Apparel and Accessories</td>
<td>20.10</td>
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<tr>
<td>Furniture, Home Furnishings and Equipment</td>
<td>11.16</td>
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<tr>
<td>Automotive Dealers</td>
<td>8.25</td>
</tr>
<tr>
<td>Gasoline Service Station</td>
<td>16.29</td>
</tr>
<tr>
<td>Eating and Drinking Places</td>
<td>12.78</td>
</tr>
<tr>
<td>Building Materials</td>
<td>7.15</td>
</tr>
<tr>
<td>Hardware and Farm Equipment</td>
<td>12.59</td>
</tr>
<tr>
<td>Drug Stores and Proprietor Stores</td>
<td>9.79</td>
</tr>
<tr>
<td>Liquor Stores</td>
<td>22.51</td>
</tr>
</tbody>
</table>

Wholesale Trade

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</thead>
<tbody>
<tr>
<td>Groceries and Related Products</td>
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<tr>
<td>Farm Products - Raw Materials</td>
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</tr>
<tr>
<td>Farm Products - Raw Materials</td>
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Manufacturing

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<th>Ratio</th>
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<tr>
<td>Lumber and Wood Products except Furniture</td>
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<tr>
<td>Printing, Publishing and Allied Industries</td>
<td>4.13</td>
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<td>Machinery except electrical and transportation equipment</td>
<td>3.39</td>
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<tr>
<td>Transportation, Communication, and Sanitary Service</td>
<td>3.13</td>
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<tr>
<td>Motor Freight Transportation and Warehousing</td>
<td>6.31</td>
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<tr>
<td>Other transportation, Communication and Sanitary Service</td>
<td>6.39</td>
</tr>
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</table>


APPENDIX B-3-1

HOW TO FIND NEW CUSTOMERS

By L. T. White

A group of nine owners of small business taking part in a Problem Clinic at the Small Business Center, Howard University, listed down 13 ways which they could use in seeking new business.

I. Appearance of Personnel:
   Neat and orderly appearing employees are attractive. They give confidence that whatever tasks they perform will be completed just as they look - neat and orderly.
   Employees will inspect and police their appearance if they have a chance to see how they look to other people - from head to toe.
   Put a full length mirror near the door so employees can check their appearance as they start out. It need be only three inches wide and a strip of polished steel or aluminum.
   Howard University's R. O. T. C. Center uses such a self inspector for the enlisted men. Printed on the mirror at the proper level are the words - Haircut - Shave - Tie - Buttons - Buckles - Press, and Shine. The cost is small - the results can be big.

II. Appearance of Equipment:
   The tools, trucks, and other equipment brought on the job are traveling bill boards. Each piece should be neat and orderly. They indicate that you care for your things - also will give good care to the customers things.
   Contractors soon learned that concrete mixers had to be instantly cleaned or the "mix" would set and be hard to clean. They go beyond mere cleanliness. They make their equipment colorful.

III. Yard Signs:
   When people make improvements, they are proud of it. They like to do a little bragging especially if they are bragged about. That's why yard signs are popular with the buyer and the seller. They start neighbors and passers by to thinking.
   "Sold" tacked on the "For Sale" or "For Rent" signs indicate that the realtor takes action to get results. "Modernized by," "Air-conditioned by," "Decorated by," give people confidence to go ahead when the change is new. T. V. antennas sold more sets than any form of advertising.

IV. Doorhanger Cards:
   Like the yard signs, these can be used in apartments or where there are no lawns. They should be smart in design and tie in with the business symbol.

V. Business Cards:
   In all business-owner-manager workshops each member is asked to show a clean business card. Many heads of businesses fail this test. As one man says -
certain things. When you take an active interest in work that people want to see accomplished, they'll be grateful for what you do. They will want you to keep on doing it so they buy from you to keep you going.

As you start selling without advertising to perfect your advertising message, its well to call on members of your church. If the church or civic organization has publications, put notices in them, but keep them short and sweet.

XI. Yellow Pages:

Every business man will be urged by the sales representative of the classified phone directory to buy heavy type or take space in the yellow pages. It is well to note that these advocates of advertising are the most vigorous users of personal salesmanship in the community.

You should be listed in the yellow pages but again, your appeal should be one that you know works on a man to man basis. Remember that advertising can never take the place of your determination to gain at least one customer each week personally.

XII. Direct Mail:

As you gradually perfect your new business appeals through canvassing or personal solicitation, you will have found what kind of people make the most likely prospects. From this you can compile lists of people you would like to have as customers.

You have learned that it is wise to take stock or inventory of your merchandise and of your tools and equipment. When items are missing, trace them until they are accounted for.

It is most important to have an inventory of your market. This means the name, address, phone number of all customers, regular or part time and of all prospects. Now, you are ready to reach them by mail directly. Some call this taking aim at a bird instead of opening the window, pulling a trigger and wondering why no birds fall.

The direct mail advertising people in your community will help you design the mailing pieces and lay out a program. A well prepared direct mail promotion program is an excellent business builder for men who know to whom they want to appeal.

XIII. Newspaper Advertising:

This is called media advertising like radio, TV, or magazines. It is a general means of reaching the public. If you have your products for sale throughout the territory covered by the paper or station - if your products or services can be sold to most people of all interests, ages and income, you should study how to best use media advertising in building your business.

Small businesses start advertising to the general public in a small way. Some of them spend $25 at a time and test newspaper against spot radio - day over night - and so on until they find just the right way to advertise. When they know it pays, they spend more and more, all the while seeing profits rise accordingly.

One famous authority who built several vast national businesses from small starts, always said - "Remember that advertising is salesmanship in print."

- Management BRIEFS, Vol. II, No. 1, March, 1966,
Small Business Guidance and Development Center,
Howard University, P. O. Box 553,
1. What is an additional customer worth?

2. How much can you spend to add a customer?

3. How many new customers do you —
   Need, for a good return on your investment?
   Want, for a good rate of growth?

4. What do ex-customers say about you?

5. Have you a list of 20 customers who "boost" you?

6. Can you list 200 "Suspects"? 100 "Prospects"?

7. How do you make "Prospects" of "Suspects"?

8. Name 3 benefits people receive when they buy from you?

9. Are the benefits on your bills, checks, cards, stationery, signs?

10. Can you persuade 3 prospects out of 10 to become customers?

11. Who sold the customers you now serve?

12. Could you spend ½ of each day out selling?

13. How much working capital have you for sales promotion?

14. How much can you spend for Sales Promotion? Per week? Per month?

15. What about interesting and instructing your employees in selling?

16. Have you considered — direct mail — display — newspaper — outdoor — radio — TV or other media?

17. How will you know when your selling or advertising pays?

18. When will the income from new customers offset the sales expenses?
Eleven Commandments of good business

A CUSTOMER... is the most important person in any business.

A CUSTOMER... is not dependent on us—we are dependent on him.

A CUSTOMER... is not an interruption of our work—he is the purpose of it.

A CUSTOMER... does us a favor when he calls—we are not doing him a favor by serving him.

A CUSTOMER... is a part of our business—not an outsider.

A CUSTOMER... is not a cold statistic—he is a flesh and blood human being with feelings and emotions like our own.

A CUSTOMER... is not someone to argue or match wits with.

A CUSTOMER... is a person who brings us his wants—it is our job to fill those wants.

A CUSTOMER... is deserving of the most courteous and attentive treatment we can give him.

A CUSTOMER... is the fellow that makes it possible to pay your salary whether you are a truck driver, plant employee, office employee, salesman or manager.

A CUSTOMER... is the life-blood of this and every other business.

Reproduced by The Small Business Guidance and Development Center Howard University, Washington, D.C.
WHERE TO FIND MONEY FOR YOUR BUSINESS

1. Relatives
2. Friends
3. Customers
4. Saving Banks
5. Commercial Banks
6. Industrial Banks
7. Savings and Loan Associations
8. Insurance Companies
9. Commercial Finance Companies
10. Sales Finance Companies
11. Investment Bankers
12. U.S. Small Business Administration
13. Small Business Investment Companies
14. Suppliers
15. Retained Earnings
16. Lease or Rental of Equipment and Property
17. Field Warehousing
18. Federal Housing Administration
19. Community Industrial Development Groups
20. G. I. Bill as Source Loans
21. Factoring Companies

L. T. White, Consultant, Washington, D. C.
## WHERE TO FIND MONEY FOR YOUR BUSINESS

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L. T. White, Consultant, Washington, D.C.

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1. Call ahead of time and make an appointment to see your banker.
2. Dress neatly and be on time.
3. Take your figures and statements with you.

---

(1) Assume he will lend you the money if the proposal is carefully prepared, if the purpose is wise, and if he is assured he will get his money back on time with interest.
(2) Be enthusiastic about what you propose doing but be honest with yourself and the banker about your chances of success.
HOW TO BORROW MONEY FROM A BANK

By Don C. Glassie, Jr.

The purpose of this BRIEF is to suggest a method of procedure which, while it will not guarantee a loan from a bank, may improve the chances of securing one.

1. Before calling the bank for an appointment:
   a. Decide how much money your business needs, which you cannot supply yourself.
   b. Decide exactly for what you require the money.
   c. Determine for how long you will need the money.
   d. Decide how you believe you can pay the money back.
   e. Place all of this information on a sheet of paper.
   f. Make out an up-to-date income statement.
   g. Make out an up-to-date balance sheet.
   h. Familiarize yourself with related information which you think the banker might inquire about.
   i. Do all of this in advance of the time you need the money.

2. Think of borrowing as a selling job. You must sell yourself, your business, and your plan. Then, when you have all the facts at hand:
   a. Call ahead of time and make an appointment to see your banker.
   b. Dress neatly and be on time.
   c. Take your figures and statements with you.
   d. Talk your proposal over carefully with the banker.
      (1) Assume he will lend you the money if the proposal is carefully prepared, if the purpose is wise, and if he is assured he will get his money back on time with interest.
      (2) Be enthusiastic about what you propose doing but be honest with yourself and the banker about your chances of success.
(3) Present each point briefly, omit all but the most important details, give your banker plenty of time to ask questions or explain a point, listen to his questions carefully and answer each precisely and briefly.

(4) Make notes of any additional information the banker may wish and all suggestions he has about your business. Supply him with the requested information as quickly as practical and use his suggestions when appropriate.

(5) At the conclusion of your conference, thank the banker and leave promptly.

3. Develop a sound relationship with your banker:

   a. Keep your banker informed on your progress. The more he knows about your business, the easier it will be for him to help you. (Be careful not to overdue it.)

   b. Borrow a small sum from your banker, even if you do not need it at the moment; borrow it for a short period and pay it back promptly. In this manner you build a reputation with the bank and are in a better position to borrow larger sums, even in an emergency.

A close relationship between your banker and yourself has two important advantages: (1) you have a more established source of financial assistance, and (2) your bank can supply you gratis with much information of value to you in managing almost every aspect of your business.
The purpose of a Balance Sheet is to provide information regarding the financial condition of a business enterprise as of a specified time or date. It is an itemized statement of the assets, liabilities and proprietorship at the close of business on the date given in the heading.

What are the assets - anything that is owned which has value to the business is an asset. Property such as money, accounts receivable, notes receivable, merchandise, furniture, fixtures, machinery, buildings and land are some of the assets that will appear on your balance sheet.

What are the liabilities - an obligation of the business to pay a debt of any kind is a business liability. Accounts payable, notes payable, mortgages payable, and taxes payable are the most common liabilities appearing in the financial statement.

What is the proprietorship - the amount by which the business assets exceed the business liabilities is the proprietorship of the business. Proprietorship is oft-times referred to as Net Worth, Capital or Owners Equity. (Note:-If you have no business liabilities, your proprietorship is equal to the total amount of your business assets.)

What is the importance of your balance sheet - You, as the owner of the business, are interested in the kind and amount of assets and liabilities, and the amount of the net worth or capital. Creditors of your business are interested in the financial condition of your business - particularly as to whether or not you will be able to pay them, or whether or not your assets are substantial in relation to your outstanding debts. Potential creditors or lenders are concerned about the financial condition of your business. Their decision as to whether to extend credit or to make loans may depend, in large part, upon the condition of the enterprise as revealed by the balance sheet. Banks, insurance companies and others who do business with you are interested in the financial condition.

The information provided by your balance sheet can be analyzed in several ways to assist in judging the financial condition and soundness of your business. Some of the ways that a balance sheet is analyzed follow.

CASH FLOW IN YOUR BUSINESS

By Bert W. Smith, Jr., C.P.A.

The "lack of cash" in the small retail and service firms seems to be one of the biggest problems encountered by the owners. This, evidently, is due to insufficient knowledge on controlling cash. There are many things that can be done to offset this problem but they can all be included in the four hints given below:

1. Keep adequate records on cash
2. Know the cash-flow pattern
3. Estimate future cash balances
4. Use excess cash to produce income

While all of the hints given above are important, at this time we want to discuss just one - "Know the cash-flow pattern".

To determine "cash-flow": First, you must know how much cash comes into your business each month. Second, how much goes out. Third, is any left at the end of the month - and, if so, how much?

How will money come into your business:

1. From customers as a result of cash sales and payments on accounts receivable
2. From loans from banks or other sources
3. From additional money you might invest from personal savings
4. From sale of equipment or property (other than merchandise)

How will the money go out - and how much:

1. as payments on accounts payable
2. as payment for expenses
3. as cash withdrawals by you
4. as repayment of loans
5. as payment for equipment and property

If you know the pattern as outlined above and the balance at the end of each month, you should have an exact idea of the cash-flow for your business.
What are the advantages of knowing your Cash-Flow? The first advantage is that by knowing the cash-flow you should be able to predict what your cash-balance will be at any given or specific time. By knowing your cash balances helps you to control your cash. You not only have it under control, but are also using it to accomplish a purpose.

The second advantage is that it guards your cash balances so that they will be available when you need them. For example, resist the temptation to use your cash for new fixtures or other equipment which should be paid for out of other funds.

The third advantage is that through cash control you will be warned of the months when the cash balance will be less than expenses. You will know when a short-term loan will be necessary to tide you over.

The fourth advantage is that by knowing your cash-flow, you will be able to determine when there will be cash surpluses that can be put into something that will earn income. You may want to invest this cash in new merchandise or short-term securities which can be turned into cash should the money be needed.

While the information contained in this brief must be limited, further information may be obtained by discussing your cash problems with one of the counselors from the Small Business Guidance and Development Center at Howard University (387-1911) or by getting a copy of "Small Marketers Aids #110" published by the Small Business Administration, which was the source of much of this information.

Helpful Hints If You Sell on Credit:

1. Investigate the Risk
2. Practice Credit Limits
3. Keep Accurate and Complete Records

"SHALL I SELL FOR CASH OR FOR CREDIT?"

This is a difficult problem, for the merchant must carefully consider which method will please a majority of his customers and at the same time be most profitable to him. Then, too, both methods of selling have their distinct advantages. Selling for cash is advantageous, because it avoids bad debt losses; does not tie up the merchant's working capital; saves collection and bookkeeping expenses; helps to avoid arguments and loss of trade through disputes; minimizes the amount of returned goods.

On the other hand, there are advantages in extending credit. One important factor is that many people prefer to buy on credit. Some of the very best customers refuse to pay cash for private reasons. Furthermore, a credit customer is a steady, regular customer of record, while a cash customer is anybody's customer. Credit customers pay less attention to prices; they usually buy more and thus increase sales volume. Credit attracts a better class of trade, because charge customers generally are interested in a high quality of merchandise. Credit is an accommodation and convenience to the customer. To the merchant it is a trade holder and trade stimulator.

About one-third of all retail sales in the United States are made on credit. Two-thirds of these are open credit (regular charge accounts) while the other one-third are of the installment of deferred payment type.

Helpful Hints if You Sell for Credit:

1. Investigate The Risk
2. Practice Credit Limits
3. Keep Accurate and Complete Records
4. Watch Bad Debts
5. Protect Your Own Credit
6. Follow Up Accounts
7. Watch Past-Due Accounts
8. Use Good Collection Methods

*From Credits and Collections
The National Cash Register Company
Dayton, Ohio
In evaluating an individual salesperson, there are many elements to consider. They tend to fall into one of five categories, namely, objectively, personal appearance, sociability, maturity, and mental alertness.

Are they objective?

Are they personable?

1. Good appearance
2. Good health
3. Good bearing
4. Good expression

Are they sociable?

1. Enthusiasm
2. Tact
3. Loyalty to product and store
4. Confidence
5. Courtesy
6. Friendliness

Are they mature?

1. Emotionally mature
2. Understanding
3. Industrious
4. Dependable

Are they mentally alert?

1. Good memory
RATING THE TRAITS NEEDED IN PERSONAL SELLING

To rate one of your salespeople, or yourself, mark each trait on a scale from 1 for "very poor" to 5 for "superior." Write the appropriate number for each trait in the "Score" column and total that column. A score of 85 or above is excellent, 75 to 84 is good, 55 to 74 is average, and below 54 is poor. You may want to have each salesperson rate himself and then compare his rating with the one you made. By discussing differences in the two ratings, you can encourage the salesperson to build on his strong traits while working to improve his weaker traits.

<table>
<thead>
<tr>
<th>CHARACTERISTIC</th>
<th>Always (5)</th>
<th>Usually (4)</th>
<th>Half 'n Half (3)</th>
<th>Rarely (2)</th>
<th>Never (1)</th>
<th>SCORE</th>
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Always mark your rating against the following key:

Always (5)  Usually (4)  Half 'n Half (3)  Rarely (2)  Never (1)
APPENDIX B-5-2

"HOW TO SELL"

To earn the confidence of customers for the store, merchandise and yourself.

1. GREETING

   Be friendly - courteous - prompt - businesslike
   Learn customer's name and use it
   Make customer feel important
   Talk favorably about merchandise

2. PRESENTATION

   Ask questions, listen, learn what the customer wants
   Place customer's interest first
   Suggest the merchandise which will best fill his need
   Demonstrate as in actual use
   Give at least three benefits for each item
   Let customer handle the merchandise
   Don't talk too much

3. CLOSE

   Help customer decide
   Ask which item customer prefers
   Remove unwanted merchandise from sight
   Use utmost tact
   Assume sale has been made
   Write all details of the order

4. PLEASING

   Assure satisfaction
   Show a related item
   Show it is a pleasure to serve him
   Keep all promises to customers
   Be cheerful whether you make the sale or not
   When a customer returns, he has been well served

L. T. White - Consultant, Washington, D. C.
APPENDIX B-5-3

HOW TO INCREASE SALES BY TELEPHONE

By Miss F. E. Johnson
Administrative Supervisor,
The C & P Telephone Company

How The Telephone Can Be Used To Expand Your Present Market

• • • SALES

- Obtaining reorders
- Upgrading orders
- Building demand
- Distant customers
- Periodic buyers

• • • SERVICE TO THE ACCOUNT

- Deliveries
- Pricing
- Quality
- Complaints
- Credit

• • • ADVICE ON SPECIAL DEALS AND DISCOUNTS

• • • COLLECTIONS

• • • MARGINAL ACCOUNTS

• • • CONTACTING FORMER CUSTOMERS

- Revive inactive accounts

• • • QUALIFYING OR SCREENING PROSPECTS

Market Research

• • • APPOINTMENTS

Advantages of the Telephone Approach

1. Easier to plan work day
2. When contact time is more convenient to the prospect - the prospect is more receptive
3. The telephone is better and faster than mail
4. Time saver
5. No parking problems
6. Can sift out the "no-possible" sales
7. Opportunity to overcome objections
8. Answer any questions raised by customer
9. No travel expense
10. Less physical effort
11. Free for creative work
12. Telephone permits greater coverage of the market
13. Lower operating cost

**Telephone Attitude - The Key to Business Success**

The effectiveness of any new program is directly related to the skill of those who put it to work. Attitude, therefore, is the basic technique of telephone salesmanship. The attitude, that the telephone is a tool to work for you - not you working for it. Here are some guides to help you become an effective telephone user.

**Prepare Yourself**

Plan in advance your telephone program and objectives, the statements you intend to make, and how to get each one in your business to participate.

**Introduce the Program**

Tell your people how the telephone plan will work and sell, what you expect for results, that the telephone is a selling instrument where every telephone contact is a chance to sell.

**Practice**

If you would have your telephone listener hear the same charm they see when they meet you in person, learn to develop a voice with personal interest tones - sell yourself through your voice.

**Review**

Telephone salesmen and employees are to get the maximum potential from each customer - within his ability to buy and sell. They are to initiate new business activity for an aggressive, continuing telephone program. For difficult cases and accounts too large to open by telephone make appointments.

There are some additional tips you will need to pack into your telephone arsenal. They're obvious. But, because they are often overlooked, it doesn't hurt to be reminded of the need to:

1. Establish the purpose of your call.
2. Try to get the decision-maker.
3. Time your calls appropriately.
4. Speak clearly and distinctly.
5. Use good language; avoid slang expressions.
6. Be courteous, polite and helpful.
7. Identify yourself and your company.
8. Use the customer's name frequently.
9. Explain key customer benefits - why he should buy.
10. Use descriptive 'picture' words.
11. Try to get an order.
12. Be prepared for objections.
13. Keep trying to get an order.
14. Tell when you will call next.
15. Invite customer to call you.

Launching the Program

Training and experience are vital to the success of any program - training to learn how to implement the tested techniques of selling by telephone and the experience of trial and error to uncover the best ways suited for you, your people, your customers.

Telephone selling is based on the same fundamentals as any other kind of selling - pre-planning the sales call. The following principles are the foundation on which every sound sales program is built.

Know Your Business

1. All items in the full line.
2. The services you provide.
3. Prices, discounts and advantages of volume orders.
5. Delivery schedules.
6. Company policies on credit, procedures and customer relationships.

Know Your Customer

1. What are his buying patterns?
2. Does he need the full line?
3. What is his volume?
4. What credit assignment should he be allowed?
5. What is the competition you face for his business?

ARE YOU SELLING TO TODAY'S CUSTOMERS?

Robert H. Myers

WHAT'S TODAY'S CUSTOMER LIKE?

1. The consumer has more money
2. The consumer is better educated
3. Consumer tastes are more refined
4. There are more young families
5. There are many do-it-yourself customers
6. Customers use credit
7. Consumers want fashion
8. Consumers seek personal advice
9. Consumers demand convenience in buying

CATERING TO TODAY'S CUSTOMERS

1. Be intelligent in your pricing
2. Be in tune with good taste
3. Make shopping easy
4. Cultivate the (products) pace-setters
5. Consider credit selling
6. Stress do-it-yourself
7. Emphasize the new and timely
8. Be truthful on information
9. Emphasize quality and value

Small Marketers Aids, No. 78, April, 1962, Small Business Administration, Washington, D. C. 20402. Free
YOU CAN TRANSFER SOME BUSINESS RISKS

Joseph L. Pierce, CPCU

In selling merchandise and services to the public, the business man incurs many different kinds of risks. Some are small such as denting a fender of his truck. Some could ruin the small merchant; for example, a customer slipping and seriously injuring himself because of a loose tile on the floor.

Insurance companies assume many of these risks for a fee and spread them over hundreds and thousands of people. As a result, no one person or business is liable for the entire loss.

These business risks can be divided into risks related to property and risks related to people.

1. INSURANCE RELATED TO PROPERTY

1. Fire and Extended Coverage Insurance on Building:
   This applies only where the firm owns the building, although the need may arise when, under a long-term lease, the firm has made extensive physical additions to the building. In this latter situation, the owner and the tenant (firm) may be insured as their interest may appear. Of course, mortgagee interests would have to be provided for.

2. Automobile Insurance:
   Business owners of automobiles and trucks should carry adequate insurance to protect them against loss due to physical damage to the cars themselves and for civil damages growing out of the use and ownership of the vehicles.
   For these hazards, Comprehensive and Deductible Collision Insurance and Public Liability and Property Damage Insurance are needed. Adequate liability limits should be set with the help of an insurance agent. The Financial Responsibility Laws in the District of Columbia require evidence of Public Liability Insurance after an accident involving bodily injury or property damage in excess of $100. Obviously, a business firm should not wait for this legal requirement before insurance is secured.

3. Fire and Extended Coverage Insurance on Merchandise, and Furniture and Fixtures:
   This covers the firm's inventory and other property owned by it including any interest in improvements, like air conditioning and other equipment. Extensive internal betterments installed by the non-owner firm are usually supported by a long-term lease, and insurable interest
12. therein expires with the lease.

4. Business Interruption Insurance:
   This covers loss of earnings due to a shutdown caused by fire or other damage covered by a Fire and Extended Coverage policy. In many cases it has been seen that continuation of fixed charges like rent, taxes, some payroll, etc., during a shut-down has caused insolvency, even though adequate insurance was carried on the property itself.

5. Burglary Insurance:
   This protects against loss of property or damage to premises by forcible entry. Money losses are excluded.

   Covers loss of money or property due to hold-up of owner or authorized messenger. Overnight coverage in home of custodian is also included.

7. Safe Burglary Insurance:
   The "Money and Securities Broad Form" policy is usually used where there is an eligible safe on the premises. Under the Broad Form, both destruction and loss due to forcible entry into the safe are covered.

8. Public Liability Insurance:
   This covers the firm against bodily injury and property damage accidents arising from the use of his premises, or caused by his operations. Provision is also made for legal defense in these situations.

   These liability policies are adapted to the needs of filling stations, auto repair garages and contractors for various operations. They cover in similar manner to Public Liability forms as above, and vary only to meet specific nature of these businesses.

10. Products Liability Insurance:
    This form, usually added to the Public Liability Policy, is useful for restaurants, druggists and others dealing in commodities. It covers injury to others caused by use of products sold by the firm.

11. Plate Glass Insurance:
    This covers damage to insured glass and the cost of boarding-up pending repairs (as limited by the policy). Most leases require that the tenant carry glass insurance.
12. **Bonds:**

Various types of bonds are available for business firms, including Fidelity and Contractors forms. Certain types of firms, electrical contractors, home improvement, plumbing, etc., are required by law to have special license bonds.

Policy forms described above all contain limitations and exclusions which should be thoroughly understood by the insured. Where possible, policies should be written for a 3-year term to secure a term discount. Some firms, like drug stores, beauty shops and dental offices, are eligible for so-called Package Policies. Under these forms, all the foregoing coverages can be included at a saving.

**II. INSURANCE RELATED TO PEOPLE (Owners and Employees)**

1. **Life Insurance:**

   Profits are generated by people, the business owners and their employees. Owners should consider life insurance on themselves and key personnel. The death of a partner automatically dissolves the partnership, and money must be found to: (1) pay off partnership debts and (2) to buy out the interest of the deceased partner. Needed here is a partnership buy-sell agreement, supported by adequate life insurance on the partners to implement the agreement. Historically, most small businesses die with the owners, often because proper life insurance was not carried.

2. **Accident and Sickness Insurance:**

   An extended illness of a small business owner can be bankrupting. During such illness, fixed charges at the shop are continuing, plus the medical costs.

3. **Workmen's Compensation Insurance:**

   Most states require that employers have Workmen's Compensation insurance. Without this insurance, a job-connected accident could cause severe financial loss to the employer. Proprietors and partners are excluded from coverage, but all employees of a corporation, including the principals, are considered employees and they are covered.

   It is now possible to cover small firms with as few as four people under a group policy insuring for life, accident and sickness and hospital expenses. Whenever possible this approach should be used if employees are included. Of course, life insurance on the owners to cover buy-sell agreements would be confined to individual policies taken out on their lives.

   Every business, no matter how small nor how different, calls for an insurance program. The man who can provide a plan for your business is your insurance agent.
If you do not have one, select one with care—he can fully protect you and at the same time save you money. Tell your agent what protection you would like to have since he is qualified by training and experience to advise you. Usually, by dealing with only one agent, you get better coverage, and better protection, at less cost.

1. Promoting better accounting and record-keeping methods.
2. Sponsoring industry-wide meetings and developing leadership within the industry.


3. Providing publicity and public relations programs for the industry.
4. Fostering industry-wide technical research.
5. Maintaining a labor relations service within the industry designed to prevent work stoppages and promote industrial harmony.
6. Issuing special information bulletins to their members. These bulletins report on current affairs affecting the industry, on Government orders and legislation, and other similar matters.
8. Publishing specialized data concerning their industries. Many of these relate to such activities as promoting sales, educating the public to possible uses of the industry's products, or attracting qualified individuals, into employment within the industry.
9. Offering training courses to employees of member companies.
10. Supplying other services to the industry such as credit reporting services, savings on the purchase of insurance, and varied economic studies.
11. Furnishing the industry with specialized technical advice that few small members, individually, would be able to afford.

APPENDIX B-5-6

HOW TRADE ASSOCIATIONS HELP SMALL BUSINESS

Revel W. Elton

The executives of a number of trade associations dealing extensively with the problems of small business listed, in the order of their importance, the significant services they offered the owners of smaller business firms:

1. Promoting better accounting and record-keeping methods.

2. Sponsoring industry-wide meetings and developing leadership within the industry.

3. Operating a liaison service between Federal agencies, the Congress, the industry, and its individual members. Some trade associations also provide liaison service for their members with State and local governments.

4. Providing publicity and public relations programs for the industry.

5. Fostering industry-wide technical research.

6. Maintaining a labor relations service within the industry designed to prevent work stoppages and promote industrial harmony.

7. Issuing special information bulletins to their members. These bulletins report on current affairs affecting the industry, on Government orders and legislation, and other, similar matters.


9. Publishing specialized data concerning their industries. Many of these relate to such activities as promoting sales, educating the public to possible uses of the industry’s products, or attracting qualified individuals, into employment within the industry.

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YOU:
- Have a strong ambition to do more than just make a living in business.
- Want to be the best and most respected in your field.
- Know one or more successful persons whom you would like to follow.
- Are very curious about and interested in learning more about new products, new methods, and profitable promotion.

NOW:
1. Establish an ambitious, flexible objective.
2. Continuously think of how to reach that objective.
3. Look at the market you might serve in your field.
4. Analyse that market you will serve and how to get the most out of it.
5. Think of what products or services are needed, which ones you can make available on a profitable basis, and pick those that suit you best.
6. Get all sources in line and decide what products you want to work with.
7. Establish the channels and methods of selling you want to use.
8. Work on your business contacts, developing the best sources for products, information, service, financing, etc.; so that these things will be planned out before you make commitments.
9. Consider your financial resources, the kind of time you can put in and the risks you are willing to take.
10. Figure out the best Commercial Exposure you can get with the least money. (Commercial Exposure is a store, a product, a catalogue, a display, a letterhead, a business card, a job well done, you, and many other things - It's how you reach your customer.)
11. Develop this Commercial Exposure to get the most sales for the lowest cost through the simplest possible organization.
12. Develop your volume and organization around your most profitable lines and items.
13. Make firm arrangements with business people so that they know exactly where they stand and are most interested in helping develop your business.
14. Strive hard to keep old customers satisfied as you think of new ways to expand and improve your business.
15. Stick with your original goals, market, and selling channels as long as they are profitable.
APPENDIX C
EVALUATION SHEET

1. The topics of the five clinics are listed alphabetically, please number the topics in order of their importance to you, with the most important as number one.

   ------------------------ Manager (1)
   ------------------------- Men (2)
   ------------------------ Markets (3)
   ------------------------- Money (4)
   -------------------------- Methods (5)

2. Please circle the class evening during which you picked up the most useful ideas and information.

   1 2 3 4 5

3. Please circle any subject you would expand

   1 2 3 4 5 None

4. Please circle any subject you would drop out.

   1 2 3 4 5 None

5. Please list any subject you would like added

   --------------------------

6. Please circle which is the most convenient time of day to attend such a clinic:

   Morning                        Afternoon                        Evening

7. Please circle the day of week which is most convenient for you to attend such a clinic:

   Monday   Tuesday   Wednesday   Thursday   Friday

8. What type of hand out material do you find of most value to you:

   ________________________________

9. Do you plan on making any future changes in the operation of your business as a result of the clinic?

   Yes ____________________ No __________________ Please explain
10. Can you give one or more examples of new ideas gained from the clinic which you have successfully used?

Yes __________ No __________ Please list:

_________________________________________________________________________

_________________________________________________________________________

_________________________________________________________________________

11. How do you rate the 5 M's Management Clinic which you have just completed?

Stimulating

Good

Mildly helpful

No value to me

12. What other subject(s) would you like to study at another time?

_________________________________________________________________________

_________________________________________________________________________

_________________________________________________________________________

13. Are you a

Manufacturer

Retailer

Service Operator

(Other specify) ________________

When filled out, please hand this to the Conference Leader before you leave. Thank you.
HOWARD UNIVERSITY
Department of Business Administration
Small Business Guidance and Development Center
certifies that

has successfully completed a special program

5 M's of Management
February 14, 1966

Coordinator

Director

Economic Development Administration

Chairman,
Department of Business Administration