

Dear Client,

Welcome to our monthly newswire. We hope you enjoy reading this newsletter and find it useful.

Best wishes

John Harrison

EMPLOYEE ENGAGEMENT AND STAFF TURNOVER

We all know that the best employees are engaged and highly motivated. However, most businesses don't consider the relationship between employee engagement and employee turnover. Do those with the highest levels of engagement have the lowest turnover, and vice versa? Research shows that companies with highly engaged employees experience significantly higher employee retention rates. Additionally, overall effectiveness and profitability improve dramatically with highly engaged employees. Reducing staff turnover will reduce training and recruitment costs for any business.

Who's Leaving?

The big challenge for business owners is that average levels of staff engagement can result in higher staff turnover than lower levels of engagement. This seems strange until we consider that those leaving at the greatest rate are not necessarily those who are the least engaged. It is those with average engagement, the passively engaged staff, that leave. These employees are the solid workers that contribute reasonably well to the business. They are valuable intellectual assets. They leave because they are "looking for something better" and when they leave, take their knowledge and abilities with them.

Quit and Stay

Unfortunately, those with low levels of engagement are very often the ones who stay in the firm. Why? Because they've landed the perfect job! They are satisfied and are collecting a pay cheque each month. These employees mentally quit, yet physically remain.

Conclusion

By measuring and making some targeted changes, employees with average levels of engagement can often join the ranks of the highly engaged. With this comes the benefit of lower turnover and higher productivity. Your HR strategy should focus on how to increase levels of engagement among your team.

NOT ALL CUSTOMERS ARE EQUAL

Most business people are familiar with the idea that 80% of your revenue comes from 20% of your client base. As in any business, your best customers are the ones who buy the most from you. Yes, all customers are important, but not all customers are equal.

In order to truly focus your business on its most valuable customers, you have to segment your customer list and separate your best customers from the rest. The secret to building a successful business is to get customers to re-buy from you.

When developing your next business development and marketing initiative, do so with your very best customers in mind. Present the offer to them first. If they won't buy your offer, then none of your customers are likely to. You're rarely going to lose money by trying to sell something to your best customers first. The trust is already there and they have money to spend. Take the product or service offerings that work best and find a way to expand them through the rest of your customer base.

Reward your best customers for continuing to buy from you. A reward could be a discount on their next bill or a client service review over lunch - the right reward depends on your business model and client type.

Segment your customers firstly by the amount they spend; you need to have some way of quantifying that. You can also segment by the type of products or services they buy from you, or by the month or year that they start buying from you. Once you've got your list segmented and you've got a group of customers who have spent 3-5 times more money with you, on average, than the rest of your customers, you can afford to spend 3-5 times more money on marketing to them.

Remember to consider profitability. Your best customers don't just buy lots from you - they must also be profitable. A customer who spends more but demands more can often be loss making if margins are tight. Focus on the profitable customers that also generate high levels of revenue for your business. Segment your list by how your clients spend, and then focus on those who spend more money with you. Age and demographics don't matter as much here as the relationship you've built with your customers.

SAFELY GETTING RID OF OLD COMPUTERS

Disposing of computers safely is extremely important, as it is incredibly easy to accidentally give away sensitive information to thieves and fraudsters.

If you put an un-shredded bank statement into the bin, you run the risk of handing over your name, bank details and address in one package. It doesn't take a huge amount of effort for a criminal to convert your rubbish into a fake bank account or loan. Imagine how much information you can pass on if you throw away a computer - you are giving away everything a fraudster needs to access the finances of your business. The most important thing to do is to clean the hard drive, thereby disposing of all your data.

Deleting files isn't enough

Reformatting your PC's hard drive - or even deleting its partition - won't place data out of the reach of thieves. And 'deleting' files by putting them into the Windows recycle bin won't do any such thing - any data-recovery software will be able to access them.

Encryption

Encrypt a file before you delete it and it won't be easy to decrypt the data. Destroy the encryption key and the chances are that no one else will be able to decrypt the title. You could buy a third-party encryption tool, but with certain version of Windows you don't have to. To use Windows XP Pro's built-in encryption, right-click the files or folders you want to encrypt. Choose Properties, Advanced, tick the box for 'Encrypt contents to secure data' and click OK. The same feature is available in Windows Vista.

Software

A block-erasure utility (available from most PC stores or online) overwrites each 'block' of data on your hard drive many times, making it unreadable. You first create an ISO file that you burn to a CD. You then boot up your PC using this startup disk and, after a few simple keystrokes, you can destroy your data.

Physically destroy the hard disk

Large corporations and government agencies grind retired hard disks into tiny bits to protect data. Commercial shredders will do the same, but at a price. You could simply take a hammer to your hard disk. This won't put your disk and its data beyond professional data-recoverers, but it will prevent most data theft.

REMEMBER YOUR CLIENTS - OR THEY WILL FORGET ABOUT YOU

Just because you're good at what you do, it doesn't mean you'll get referrals for new business. Many business owners know that the best source of referrals is from satisfied clients. They go about doing great work and making their customers happy, then wait for the referrals to come in.

To a degree this works, depending on your business and its reputation in the market. However, this alone does not generate enough new referral work. The problem is that receiving referrals is more important to you than giving referrals is to your past clients. Clients may love working with you, but may be too busy to pass your name along.

Asking for referrals is a good place to start. You might mention it in a phone call or email as a natural part of the work you do together. You can have a form on your website or in paper form that clients fill out when they start work with you. It doesn't matter what you do, just as long as you have integrated it into your business system.

If you don't remember past clients, they certainly won't remember you. When you stop working with a client, they don't have a reason to think about you anymore. If you want them to remember who you are, keep in touch with them. This is easy to do with ongoing clients. If you work with them every month, they will naturally remember you.

Stay in touch with former clients with regular email marketing, an invitation to an annual client event or perhaps a message through social media. You could consider following them on Twitter as they may follow you back.

The key is to keep in touch with previous clients through scheduled email / marketing. Quarterly or twice yearly contact is often enough, and don't forget to ask for a referral. Make sure you get the message right rather than being too pushy. Something along the lines of, "Business is going well. We are always looking for more. If you would like to refer a friend or contact to us we will look after them as well as we looked after you...".

John Harrison and Company

Please contact a member of our team if you would like to discuss any of the issues raised.