
Small Business

Tips for Success



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Why Small Businesses Should Have a Strategic Plan



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Sometimes business success happens by accident. More often, it's the result of careful planning.

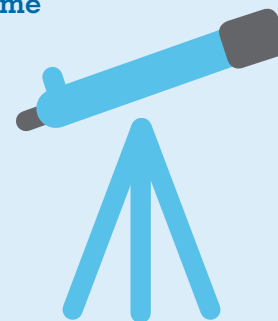
Many small business owners may believe that strategic plans are only for billion-dollar corporations. But if you aspire to become one of the big guys, you need a strategic plan with actionable steps that not only spells out where you want to go but also outlines how to figure out whether you're on the right track. If you want to work smarter — not just harder — you need a strategic plan.

What is strategic planning?

Strategic planning doesn't need to be overly time consuming. The plan itself doesn't need to be long — a few well-crafted pages is often enough. Your plan needs to articulate the overall purpose of your business, your company's desired results, and how those results will be measured.

The plan should envision where your business will be several years from now. If you're in a fast-changing market environment, three to five years is enough. But some plans stretch out to 10 years. It may be hard to think that far ahead, but you need a vision of what you want your business to look like in the future so you can anticipate potential roadblocks and how you'll respond to the competitive.

If you're in a fast-changing market environment, three to five years is enough. But some plans stretch out to 10 years.



Strategic planning or business planning?

Strategic planning and business planning are often used interchangeably, but they are not the same.

Small business owners may be familiar with business planning because it is a necessary step when applying for bank loans. Business planning focuses on products and services that your company provides. Bank loan officers care about what you are already selling (or soon to sell) because that's how they're going to get their loans repaid.

But strategic planning is used to clarify the overall purpose and priorities of your company. For example, your strategic plan may map out a series of products and services that you want to offer years from now.

In other words, a business plan should be used to service a strategic plan.

Why Small Businesses Should Have a Strategic Plan

Components of strategic planning

You can write your strategic plan in whatever style you want. Just make sure your plan addresses these key elements:

- **Mission statement:** This is a broad, overarching expression of what your business is all about.
- **Values statement:** This lays out your company's core beliefs. Your values are a guiding principle and should not change.
- **Competitive advantage:** This states what your business does really well and lays out how your company has an edge over your competitors.
- **Vision statement:** This is the roadmap, the goals you have for the business over the next several years.
- **Action plan:** This explains how you will achieve those goals.
- **Financial assessment:** You'll be able to see if your strategic planning translates into financial performance.
- **Assessing progress:** Figure out how you'll measure progress toward the goals you've laid out.

Getting to work

In order for it to be a useful management tool, a strategic plan needs buy-in from key people in your company. Have a diverse, but core, team of managers and employees take a look at your plan and give you feedback. Think about their suggestions and show the team that you've incorporated some of them.

Have a diverse, but core, team of managers and employees take a look at your plan and give you feedback.



While strategic plans are important management guides, they are not written in stone. As the market-place changes, go back and take a look at your plan. You may realize that your plan needs adjustment from time to time.

If you want to take your business to the next level, strategic planning is vital.

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How to Get Social Media to Work For Your Business



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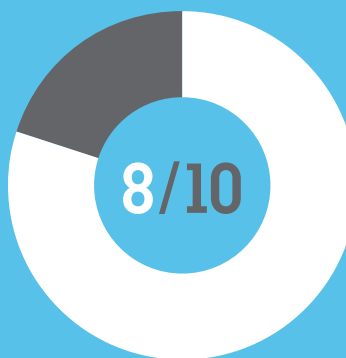
Whether you want to drive traffic to your website or create buzz around your products, having an effective presence on social media is a must. The article *Capitalize on Your Brand's Social Media Presence* can help you determine which social media networks are the right places for you to concentrate on. When you post social media content for your business, keep these best practices in mind.

Follow the 80/20 rule

Brands that use social media to only talk about themselves are easy to tune out. So make sure that for every 10 things you post, eight contain content that focuses on the needs of your audience. That sounds daunting, but you don't have to create brilliant original content all the time. If you read something online from someone whose opinions you value, just repost that content to your own followers (making sure to credit the original writer).

Some topics that do make for good original content include answering common questions from your customers, talking about your entire industry or showing how your product or service can solve a problem. When you do directly promote your products or services, make sure it's in a way that benefits your target audience, either through a discount or special offer.

8 of every 10 things you post should contain audience-focused content.



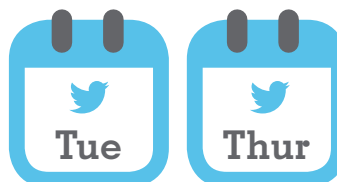
Have a social media policy

Unless you're the only employee, it's wise to spell out your company's unique approach to social media so that employees understand what is expected of them when they post on the company's behalf. This policy should cover who is allowed to post, whether employees should identify themselves when posting, what kinds of content are acceptable for posting and should deal with negative comments.

Know when to post

Studies have shown that if you want consumers to click on a Twitter update, you have a better chance if you post tweets between noon and 2 p.m. People are likely to have downtime as they're eating their lunch. But if you're going for retweets, then you might want to try having an update around 6 p.m., since that's when retweets peak as people increasingly spend their evening commute on social media.

Use Twitter on:



Use Facebook on:



How to Get Social Media to Work For Your Business

Weekends are also good times to get in front of consumers on Twitter, as are Wednesdays. But if you're targeting a B2B audience, then stick with normal business hours – that's when companies prefer to engage with other companies, since they see that social activity as work.

With Facebook, engagement rates are higher on Thursdays and Fridays and much lower earlier in the week. By late in the week, people are itching for the weekend, so they're spending time on social media instead of working. Like Twitter, Facebook content is most widely viewed at midday and in the evening.

Use multiple social media networks

The average social media user has five different accounts. If you hope to reach your target audience, spend time where they do. Since Instagram is all about images, you'll want to make sure to put resources into the photos you share there. Twitter is great for promoting discounts and special offers. If you're targeting older consumers, then make sure you've got engaging content on Facebook.

Videos can work

Consumers are increasingly expecting to find videos on Facebook, Instagram, Twitter and Pinterest. Amazingly, 79 percent of all online traffic is expected to be video by 2018. Today, brands are uploading videos to Facebook directly more than they are to YouTube, so to make your business shine, throw some videos into the social media mix.

Content is king for SEO

Google's algorithms give less weight to sites that are stuffed with keywords and more on content that's relevant to those keywords. Focus on what your site says, not just how many keywords you can get into the text.

Having a high-quality online presence is essential in modern business, so make sure to make the most out of your company's content.

◀ The average social media user has 5 different accounts.



79 percent of all online traffic is expected to be video by 2018.

79



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Assemble Your Advisor Dream Team



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As a small business owner, you probably wear many different hats. One day you're the chief financial officer, the next you're a marketer, a hiring supervisor, logistics manager and so on. But some skills may be outside your core competency. You really need a set of advisors who can balance the books and keep you out of legal trouble.

A good advisor will work with you to get your business on the right path and help you achieve your goals. Here are three critical areas where you will need a trusted advisor and advice on how to find the right professional for your business.

Accountant

You might be able to do your own taxes and balance your own checkbook, but accounting is probably the most important day-to-day role a small business owner can outsource. A good accountant will make sure you're in tax compliance and help you save money at tax time. But count on them for more than just tax preparation.

Accountants can offer advice year-round on things like managing your cash flow, keeping your books and planning for growth. They can help you set up your accounting system so that year-end financial reporting will be easier. And you can lean on accountants to send out W2 and 1099 forms to your employees and contractors.

In addition, accountants can guide you personally on retirement planning. Depending on which type of retirement saving account you choose to use, accountants can help you calculate how much you can contribute.

To find a qualified accountant, ask for referrals, specially from colleagues in your industry. Many accountants specialize in certain industries, and that should help them quickly get a handle on your top concerns.

Lawyer

While you can download sample contracts and basic legal forms off the Internet, that won't cut it if your business is dealing with large legal issues. An attorney is your business's watchdog against liability and lawsuits.



There is no substitute for a lawyer if you find yourself at the center of an employee lawsuit or a government investigation into your business practices. However, it is wise to start working with an attorney well before you encounter legal problems. A lawyer who has experience with your company can jump in quickly if you're the subject of litigation and need legal advice.

Your state's bar association can help you connect with a lawyer who may be a good fit for your business. You don't necessarily need an attorney who specializes in your particular industry, but you do need a lawyer who understands how businesses work. Someone specializing in wills and residential real estate is probably not a good fit for you. Make sure your attorney understands contracts, business organization and, if you are in a creative field, intellectual property.

Assemble Your Advisor Dream Team

Financial Planner

Your business is probably your biggest financial asset. Comprehensive financial planning helps keep your finances separate from your business, reducing your personal financial risk.

Financial planners can also work with you on estate planning. If your business has grown and become a valuable asset, the simple wills and family trusts you have may no longer be adequate for a transfer. You'll need more sophisticated financial planning strategies to minimize estate taxes and to make sure your business continues after your death. A financial planner can help you decide whether it makes sense to reorganize the ownership structure to maximize the benefits for your heirs.

Check with your local chapter of the [Financial Planning Association](#) for planners who work with small businesses. Before hiring a planner, make sure you understand how this person is paid. Some financial planners are paid directly by their clients, others are paid through commissions for selling certain products, and some do a combination of both.

Skimping on professional advice could be a short-term savings, but it could cost you in the long run. Make sure you have a solid team in place that can guide you in key areas.

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Why Higher Employee Benefits Can Pay Dividends



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Salaries and benefits are most companies' largest expense. So it's natural to want to hold down the cost of these items. An overly generous benefits package might seem like an extravagance that could squeeze profits. But investing in your people can translate into a workplace full of loyal and motivated employees.

What's more, many business owners may not realize that giving employees a strong benefits package can be done in a cost-effective way. A generous benefits offering can help attract new recruits and keep the talent you already have.

Here are some tips when it comes to benefits:

Health Insurance

Health insurance is probably the most desired benefit for your employees, but it's also the hardest to maintain because of rapidly rising costs, and small businesses have been dropping coverage for employees in recent years.

But you may not realize there are cost-effective options. High-deductible plans typically used with health savings accounts (HSAs) tend to be less expensive than traditional health plans. And some small businesses that meet [certain eligibility requirements](#) may qualify for a health care tax credit if they offer health coverage through the Small Business Health Options Program (SHOP).

What's more, you may see additional savings if you also participate in a wellness program through your health insurance. In addition to promoting physical activity, better nutrition and an overall healthier workplace, wellness programs can also improve employee satisfaction and help reduce absenteeism.

Retirement programs

Retirement preparedness has become increasingly important to employees, regardless of age. With questions about Social Security's financial strength, workers rightly recognize the importance of retirement savings.



Small businesses worry about the cost and complexity of starting a retirement plan. If you have 100 or fewer workers, keep it simple with a [SIMPLE IRA](#), which stands for Savings Incentive Match Plan for Employees. Employers must either match up to 3 percent of workers' salaries or contribute a flat 2 percent, even if the employee chooses not to participate in the plan. SIMPLE IRAs can cost as little as \$400 and your company may qualify for a \$200 tax credit for each of the first three years. You can also deduct contributions as a business expense.

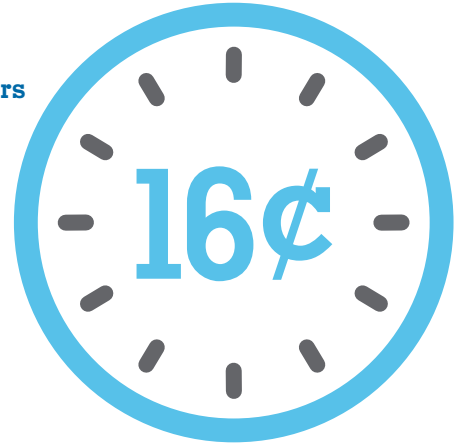
Establishing a 401(k) plan is more involved, with higher costs and administrative duties, but may be an attractive benefit to consider as your firm grows.

Why Higher Employee Benefits Can Pay Dividends

Paid sick leave

No one wants to have to come to work when they're sick, but some employees feel like they have no other choice. Paid sick leave makes good business sense since it prevents the spread of germs to other workers, limiting widespread absenteeism and a greater loss of productivity. It's also not as expensive as many employers think. Paid sick leave only costs employers 16 cents per hour worked, according to the Bureau of Labor Statistics. Several states have recently passed legislation mandating paid sick leave.

◀ Paid sick leave only costs employers 16¢ per hour worked.



Professional development

When you invest in your employees' success, they are more likely to feel valued and stick around. Professional development is one of the least expensive benefits you can offer. Some types of programs to consider: mentoring, job shadowing and paying for outside classes.

Employee assistance programs

Employees who are dealing with a stressful situation in another part of their lives can have a hard time focusing on their jobs. Programs that help them with financial counseling, legal resources, stress management, substance abuse, mental health or elder care help to reduce absenteeism and stay motivated. Though costs vary by program, EAPs typically run \$15 to \$25 per employee per year.

Offering an attractive benefits package not only enables your business to attract better employees, but it also helps it become more cost efficient. A little investment in benefits now can pay dividends down the road.

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Create a Winning Business Plan



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You probably wouldn't set out on a cross-country road trip without a map. Likewise, you shouldn't start your business without a business plan — an essential tool that lays out how your company intends to grow.

While a strategic plan talks about the overall purpose of your business and your company's desired results, a business plan is simpler and more practical. At its core, a good business plan demonstrates how your firm will profitably grow over the next three to five years given current resources and abilities.

Creating a business plan isn't just a creative exercise; in many cases, having a business plan is essential. Banks require a business plan when considering you for a small business loan. A loan officer needs to understand your plan for growth and how you'll earn the money to pay them back.

Elements of a business plan

Business plans can come in all shapes and sizes, but the best ones have all of these elements:

Executive summary

Briefly explain what your business is, where you want to take it and why it will be successful.

Company description

Provide a high-level view of your business and help funders and potential investors quickly understand what you do and what your competitive advantage is.

Market analysis

Describe your industry and pinpoint your target market, projecting how much share you could possibly gain.

Organization and management list

Describe your organizational structure and highlight your management team.

Product and service lineup

Explain why your services or products are a benefit to potential customers and the need it will fill for them.

Marketing and sales strategy

Explain your appeal to customers. Because there are multiple ways to market your business, this section should detail which route you'll pursue. The sales section describes your sales force and details your sales activities, such as how many sales calls you'll make over a certain period of time.

Funding request

Only necessary if you are seeking financing. This should include your current funding request and any additional funding you anticipate needing in the next five years as your business grows.



Create a Winning Business Plan

Consider a SWOT analysis

Many modern business plans now include a SWOT analysis, a look at the internal and external factors that can impact your business's viability. SWOT stands for Strengths, Weakness, Opportunities and Threats, and the analysis is usually conducted drawing a four-square template, with one element per quadrant.

Strengths:

What is your business doing right? What are your tangible assets, such as capital, credit, customers, patents or technology?

Weaknesses:

What's working against your success?
What are the areas that need improvement?

Opportunities:

What are the external factors that your business can use to its advantage?

Threats:

What are the external factors that could put your business at risk?

Strengths and weaknesses are internal to your business. You can work to change them over time. Opportunities and threats, though, exist outside your business. But you can control how you respond to them. SWOT analysis can be used by both new and established businesses.

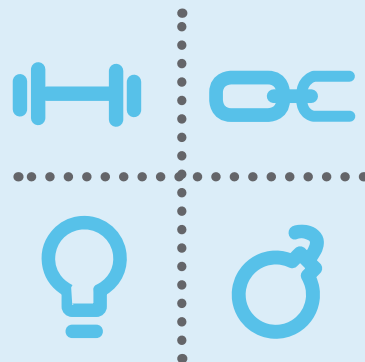
A straightforward business plan — with or without a SWOT analysis — can clarify how you plan to take your business from where it is today to the next level.

Spell out your goals

A business plan is your opportunity to dream big. Take time to explore every road your business could go down, even if you decide not to take your business down some avenues.

If rapid growth is one of your goals, then think through how you'll finance it. Some financing sources come with strings attached — venture capital may want a say in how your business is managed, for example, but bankers may take a completely hands-off approach.

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Full-Time, Part-Time, or Freelance? Classify Your Employees Correctly



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It may not seem like a big deal, but how an employee is “classified” can end up being a source of confusion for business owners. Mistakes, such as misclassifying a worker as an independent contractor when he or she should be considered a full-time employee, can result in fines, back taxes and interest payments. The Affordable Care Act has brought employers additional Internal Revenue Service scrutiny.

Here’s a rundown of the basic employee classifications and which rules apply to each.

Independent contractor or employee?

Independent contractors may be more cost-effective than full-time employees and give a business owner more flexibility with staffing during seasonal changes or times of uncertainty. However, to be classified as an independent contractor, some very specific conditions have to be met. Misclassification has become a frequent cause of many employee lawsuits, with contractors, for example, claiming they were essentially performing the work of employees but not getting employee benefits.

The most common way to determine whether your workers are contractors or employees are the three common law measures that the IRS uses. This mainly has to do with how much independence workers have.

Behavioral

Does the company direct or control the work of the worker?

Financial

Is the worker required to make an investment in tools and facilities?

Type of relationship:

Is there a written contract between the parties that lays out how permanent the relationship is?

To provide additional guidance, the IRS has laid out 20 specific factors that can be used to help make the determination. Additionally, there are a number of tests used to assess the status of an employee. The Department of Labor and EEOC both have guidance on factors to consider when making employee classification determinations.

◀ The most common way to determine whether your workers are contractors or employees are the three common law measures that the IRS uses.



Full-Time, Part-Time, or Freelance? Classify Your Employees Correctly

Exempt or nonexempt?

Another important classification is the difference between exempt and nonexempt employees, i.e., those who must be paid for overtime and those who do not.

Non-exempt employees are covered by the Fair Labor Standards Act (FLSA) and are paid for any overtime they work more than 40 hours a week at a rate of at least one-and-a-half times their hourly rate.

Exempt employees, on the other hand, do not earn overtime pay, even though they may be required to work beyond 40 hours a week. In order to be classified as exempt, workers must meet all three tests laid out by the FLSA:

They must be paid at least \$455 a week

They must be salaried

They must perform exempt duties

Misclassifying workers as exempt may result in having to pay overtime, fines and damages. Many business owners don't track the hours of exempt employees, which could make it difficult to determine how much overtime is owed if the employee is later found to have been misclassified. To avoid this potential problem, consider tracking the hours of all employees.

Full-time, part-time or temporary?

Companies typically define full-time, part-time and temporary status based on the eligibility requirements of their insurance benefit plans. For example, most employers limit health insurance coverage to full-time employees.

Non-exempt employees are covered by the Fair Labor Standards Act (FLSA) and are paid for any overtime they work more than 40 hours a week at a rate of at least one-and-a-half times their hourly rate.



Temporary

These workers can work either full- or part-time, but their employment is for a finite period of time. Temporary workers do not typically receive benefits.

While it can be confusing, taking time to learn how to properly classify employees can help you sidestep potential problems of having to pay back taxes and fines.

Full-time:

The FLSA sets 40 hours as the number of hours nonexempt employees can work without being paid overtime, so this has become a common shorthand for full time with many employers. Others use 35 hours or 37½ hours as their definition of full-time. However, note that the ACA considers employees full-time — and therefore eligible for health insurance — at 30 hours.

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Even Small Business Might Need to Outsource



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One of the clichés of small business owners is that they try to do everything themselves. It's natural to think that since you're the boss, you can handle just about any task.

However, most of the time there are tasks — both big and small — that would be best left to other professionals. Think about tasks that are so time consuming, they sap your energy to deal with business activities that you're actually good at.

Thanks to technology advances, it's easier than ever to outsource certain tasks.

A number of online marketplaces let you find contractors across the country — or around the world — with the expertise you need.

Outsourcing can have several benefits.

You can focus on your core business.

Outsourcing can help you concentrate on revenue-generating activities instead of those that take you away from them.

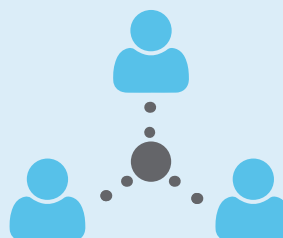
You can start projects immediately.

Launching a new initiative in-house might take weeks or months of planning, training and support. If the project involves some sort of production or distribution, it might be months before you can get a facility up and running on your own. An outsourcing firm can have those resources ready to go immediately, cutting your project times considerably.

You can work more efficiently.

By doing everything in-house, you incur higher research, development, marketing and distribution expenses. Your prices will naturally be higher since you'll need to pass on those costs to customers. But by outsourcing, you can reduce your costs by tapping into an outside company's economy of scale and stay competitive.

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Even Small Business Might Need to Outsource

What to Outsource

Here are four areas you may want to consider outsourcing.

Accounting

Accounting needs to be done right or else you and your business can have difficulty forecasting revenues and costs or, worse, run into problems with tax authorities. A good bookkeeper can give you a quick handle on how well your business is performing each month. An accountant can help you look for tax saving opportunities.

Marketing

Media tends to be fragmented and it's hard for one person — especially someone who is not a media expert — to determine the best channel to market your products and services. Outsourcing the marketing function can allow you to tap experts in each area, stay abreast of the latest trends and access technologies you might not otherwise know about.

Design

There are online graphic design tools aplenty for business cards, presentations or even websites. But working with a talented graphic designer gives your materials a polished look that a computer can't replicate.

Payroll and human resources

A payroll company can make sure you stay in compliance of payroll and personal income taxes and relieve the burden of reporting. Meanwhile, outsourcing your human resources management helps you access experts in recruitment and labor compliance. Your HR manager can also help you navigate the complexities of the Affordable Care Act, a law with a big impact for employers.

Of course, as a small business owner, you must stay involved in your company's affairs. However, it can make a big difference if you can focus on your passion and vision while leaving administrative and other day-to-day tasks to others who have expertise in those areas. After all, you started your business to pursue your dreams, not get bogged down in distractions.

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Capitalize on Your Brand's Social Media Presence



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It's a rare business that can exist today without some sort of social media presence – that's how customers expect to find out about products, brands and companies. For small businesses, social media is particularly attractive since it's usually very affordable and, in many cases, free.

But it's easy to get overwhelmed. There are so many social media platforms to choose from, and each brings something slightly different to its users. It's critical to concentrate on the ones your customers are using most.

The Social Media Networks

Here's how each platform generally works and what types of people use them.

Facebook

The most popular social network, more than [70 percent of adults](#) in the United States use it. Because of those large numbers, Facebook is useful to building brand awareness, but its appeal among younger people, those aged [18 to 24](#), is waning.

Twitter

Twitter tends to be the social site where millions turn to check out what's immediately happening in the world. But people do use Twitter to take advantage of offers, contests and discounts. The site can be useful to promote deals you're offering, especially if those deals are tied to something happening right now.

LinkedIn

This site is much more professional than Twitter and Facebook. It can be a useful tool for reaching [B2B customers and prospects](#), particularly in technology. You can build a presence for your own business and network with other business owners, industry experts or customers.

Instagram

This site is used to share photos and videos and is particularly popular with [younger people](#). Since photo sharing is the key to Instagram, put time and energy into your images if you hope to get them shared. Another reason to use this platform: [African Americans and Latinos](#) are more likely to use Instagram (and Twitter) than other networks.

Capitalize on Your Brand's Social Media Presence

Pinterest

This site resembles an old-time scrapbook. Using a process called “pinning,” this site allows users to tell their connections about stories, photos, products, recipes or almost anything else they like. In studies, about [70 percent](#) of Pinterest users say they use the site as an inspiration for what to buy. It has a higher concentration of higher-income and female users than most other sites, and they tend to pass along content to friends faster than at other sites.

It's tempting to use every social media interaction as a marketing opportunity. But social media doesn't work the same way as traditional, wide-reaching advertising. Instead, use your social media posts to speak directly to your target customers. The quality of your interactions, not necessarily how many see them, determines social media success. By providing relevant content to your followers, you can show them why they will want to become customers, too.

Also, don't always directly talk about your product or services. The 80/20 Rule, which tends to be important in many lines of work, also applies to social media. About 80 percent of your social media activities should be educational and only 20 percent promotional. Otherwise you risk having your followers think of you as self-serving.

There are plenty of other activities that should be part of your social media strategy, including blogging, podcasting and the use of reviews on sites like Yelp. Sharing your blog content on social sites helps drive traffic back to your own site and positions you as a thought leader in your industry.

Using social media is just one part of an overall marketing strategy to build brand awareness and get in front of customers and prospects. But social media can help you connect with customers and prospects in the places where they spend many hours of their day.

**About 80 percent
of your social media
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80%

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