

Your Business Matters

May 2020

Back to Basics

Simple Rules to Thriving in Tough Times

Dear readers,

I hope this newsletter finds you and your family safe and healthy amidst this current public health crisis. It certainly has been a turbulent couple of months, especially for small businesses. But at times like this, it's vital not to panic. As past hardships have taught us, the key to weathering an economic storm like this one is having a steady hand and a firm grasp of business fundamentals. First and foremost, business owners would do well to brush up on the 80/20 rule.

Also known as the Pareto principle, the 80/20 rule is the golden ratio of economics. It's a numerical relationship that shows up again and again across industries. For example, 20% of the people in a country own 80% of the land, 80% of sales are due to 20% of a company's marketing, 20% of a textbook contains 80% of the relevant information. While the ratio isn't always so clean-cut, the core of the principle remains the same: The majority of results usually come from a minority of the effort put in to produce them. This becomes a business owner's guiding light when the time

"The key is to identify where you can afford to make cuts and where you need to make a long-term investment."

comes to tighten belts and make tough decisions.

Put simply, you can do more with less, so focus on the essentials. Find the 20% of your marketing dollars that's pulling the most weight, and cut the rest. Home in on the 20% of your products or services that generate the majority of your profits, and make them your team's focus. Take a look at your standard operating procedures and find the minority of tasks that generate the most productivity, and trim the fat. However, it's important not to go overboard and try to apply the 80/20 rule to every single aspect of your business—it can come back to bite you in the long run.

In 2010, Harvard Business Review published a study of companies emerging out of the Great Recession, with an eye toward those that thrive and those that merely survive during these economic slowdowns. Their findings were stark. As the authors observed, "Firms that cut costs faster and deeper than rivals don't necessarily flourish. [...] Companies that master the delicate balance between cutting costs to survive today and investing to grow tomorrow do well after a recession."

Essentially, the key is to identify where you can afford to make cuts and where you need to make a long-term investment. For example, laying off 80% of your staff may offer you



short-term relief, but when the market begins to turn around, you'll be shorthanded or, at best, tangled up in training efforts to bring new hires up to speed. Furthermore, avoiding layoffs preserves employee morale—an invaluable resource not easily recouped. What you cut and what you invest in will vary depending on your industry, but in general, both should be done with an eye trained toward efficiency rather than savings.

Chances are I'm not telling you anything you didn't already know. But under the pressures of an uncertain future, it's easy to forget the fundamentals and make rash decisions to protect your bottom line. This is a reminder to take a deep breath and look toward the future. The threat of COVID-19 will pass, and when it does, those who have made smart decisions during the outbreak will reap the rewards.

Here's to brighter days ahead,

—Ed Alexander

GROWING YOUR BUSINESS? CHANGE THE LIGHTBULBS

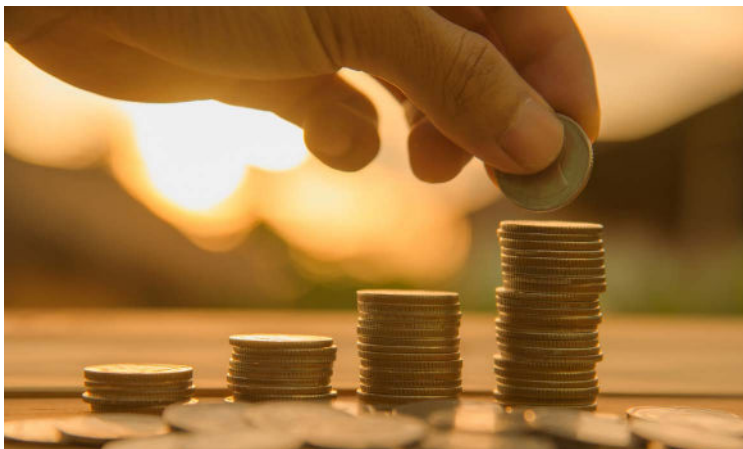
How Small Savings Can Make a Huge Difference

Sometimes, a little change can go a long way. Walmart illustrated this perfectly when the megachain decided to switch to using more energy-efficient lightbulbs and cheaper floor wax. Those two simple substitutions have cut the company's annual costs by \$220 million. Of course, with thousands of stores nationwide, even the smallest savings will have a multiplying effect for a corporation like Walmart, but this lesson can still be applied by small-business owners looking to grow.

As a business owner, it can be tempting to lose yourself in the big picture. Milestones like helping more clients, launching new marketing campaigns, and opening another location are the exciting investments that really get a CEO's blood pumping. But beneath each of these major decisions, there are many minute changes that could save your company time and money. What standard operating procedure (SOP) needs to be made more efficient before you bring on a larger client load? Which social media site will give you the most bang for your marketing buck? How much more will you be spending on toilet paper with two locations? It's tempting to overlook the minor details, but tackling these inefficiencies could save you more than you expect.

If you aren't one to pore over every expense report and crunch the numbers, you're not alone. The good news is that most likely, there are members of your team with the perspective and knowledge to help you out. This is especially true when it comes to day-to-day operations. Employees are great at noticing redundancies in SOP, underutilized spaces in the office, and other areas where money may be wasted. Empowering your team to speak up when they notice these money-saving opportunities can do wonders for your bottom line.

Saving a few hundred dollars per year on things like lighting and floor wax may not sound impressive, but that's money you can put toward improving your employee retention, customer experiences, and marketing effectiveness. In today's competitive market, even the smallest changes can give you a vital edge.



DO SUCCESSFUL PEOPLE ENJOY A DIGITAL DETOX?

3 Entrepreneurs Share Their Secrets



Constant technology use can leave us feeling drained, so it's good to do a digital detox by unplugging periodically. Digital detoxes have become very popular, but for most managers and business owners, cutting technology out of their lives isn't just difficult—it can be irresponsible! You can't throw your smartphone in the sea and expect to have a job next week.

While completely quitting tech isn't realistic, it is possible to enjoy the benefits of a digital detox while sticking to your responsibilities. Here's how a few successful entrepreneurs manage this balancing act.

Arianna Huffington puts her phone 'to bed.'

HuffPost founder and Thrive Global CEO Arianna Huffington says the first part of her nightly routine is "escorting my phone out of the bedroom." Huffington doesn't allow digital devices in her bedroom and relies on an analog alarm clock. "Charging your phone away from your bed makes you more likely to wake up as fully charged as your phone," she says.

Erich Joiner has a hobby separate from his work.

Running a content creation company that caters to big brands means Erich Joiner, founder and director at Tool of North America, is plugged in most of the time. To get away from the demands, he races cars on the weekend. During that time, Joiner puts his phone away in order to focus on the race. "While it takes a lot of focus, which can be strenuous, it also mentally cleanses, or 'digitally detoxes,' me during the weekend," Joiner says. "By Monday, I can go into work with a clear mindset, ready to take on my week."

Celia Francis tracks her online activity.

Sometimes technology can help you cut down on technology. Celia Francis, CEO of online marketplace Rated People, downloaded the app Moment to monitor how much time she spends on social media. This data helped her build healthier habits. "It helps you understand how you use your phone, establish usage goals, and disconnect at the right times," Francis explains. "My phone is always off by 9 p.m. and isn't switched back on until after the morning routine."

You don't have to completely abandon technology to enjoy a successful digital detox. Instead, look for times when you can put your devices away and focus on something else. Even if it's just for an hour before bed, you'll reap the benefits.

Why Do Businesspeople Wear Ties?

The Storied History Behind Our Favorite Power Accessory

In his 1975 book “Dress for Success,” John T. Molloy wrote, “Show me a man’s ties and I’ll tell you who he is or who he is trying to be.” A necktie is just a strip of fabric, but Molloy was right about its symbolic power. For centuries, putting on a tie has meant the wearer is getting down to business, and that sentiment lingers despite Steve Jobs’ black turtleneck and Mark Zuckerberg’s gray T-shirt.

Though just 6% of men wear ties to work daily according to a Gallup poll, neckties are still an accessory of choice for lawyers, politicians, bankers, and executives—regardless of gender. Plus, many formal occasions require them. But why did people start wearing neckties in the first place, and why do neckties have staying power? As it turns out, answers to both questions are up for debate.

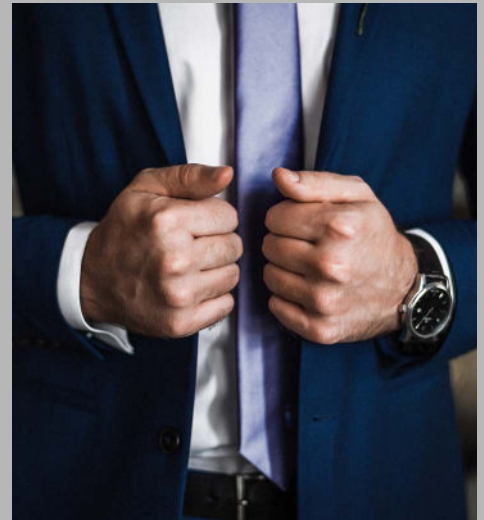
The Who Behind the Debut

According to The Washington Post, the modern necktie has three different

origin stories. One tale credits Chinese soldiers from the third century B.C., who were immortalized in terra cotta wearing neck scarves to protect “the source of their strength, their Adam’s apples.” Another story gives the nod to Roman legionaries, who wrapped cloths around their necks to stave off wind and rain in the second century. But the most popular version dates the tie back to 1636 when King Louis XIV of France hired a group of Croatian mercenaries who wore neck wraps to protect their throats from weather and sword slashes. Over the years, those protective strips of cloth became suave status symbols.

The Why Behind the Tie

No one knows for certain why ties stuck around. Maybe yesterday’s soldiers have become today’s CEOs battling in the boardroom, or perhaps wearing a tie is one of the few chances for a businessperson to show off their unique style. Over the years, tie fashion has ranged from the



subdued, skinny ties of the ‘50s to the 6-inch-wide psychedelic prints of the ‘60s. Today, ties can be knit, leather, or even rubber. Increasingly, though, they’re left sitting in the back of the closet, forgotten along with their fascinating history.

If you want to learn more about ties and even how to tie one, check out Tie-a-Tie.net.

HAVE A *Laugh*



PUZZLE

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9	5	1	2	3	7	6	8	4
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5	3	9	8	2	1	4	7	6
7	1	8	4	5	6	9	3	2
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Are You Using This ‘Secret’ Recruitment Tool?

How Paid Family Leave Attracts Top Talent

In the United States, new mothers aren’t entitled to any paid family leave. This makes the U.S. the only major economy in the world without a federal family leave program. Despite this, a 2016 study by Pew Research Center showed that 82% of Americans say mothers should receive paid parental leave and 69% say fathers should receive paid leave as well.

According to Time magazine, paid family leave is gaining bipartisan support, and large human resources consulting firms, like Mercer, argue that offering this benefit will actually help companies attract and retain desirable employees. Paid family leave encourages parents, usually mothers, to return to work after a brief absence instead of completely exiting the workforce. With the average cost of hiring and training a new employee being \$4,000, offering paid family leave may be as cost-effective for your business as bringing on a new hire.

Indeed, many companies are already rolling out generous family leave policies. At Microsoft, new mothers enjoy a whopping five months of paid leave, and new fathers, adoptive parents, and foster parents get three months of paid leave. Furthermore, Microsoft only works with suppliers and vendors who offer a minimum of 12 weeks of parental leave.



Microsoft is not the only technology giant using their leave policies as an employee recruitment tool. At Netflix, workers get an *entire year* of paid time off with full benefits. Plus, other companies in myriad industries now offer plentiful family leave as part of their employee recruitment strategies. Professional services conglomerate Deloitte doesn’t stop there. According to its website, “It’s not just having programs in place that is important. There needs to be a workplace culture to support it, too.”

Of course, not everyone agrees about the best way to provide paid family leave, but one thing is certain: As competition in the labor market grows, paid family leave will continue to be an increasingly valuable recruitment tool.