

**GOOD
RELATIONSHIPS
PAY
BIG TIME!**

Good Relationships Pay Big Time!

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1. Successful Entrepreneurs Must Constantly Sell To Each Business Relationship

Have Their Best Interests at Heart!



Most agree that selling products and services are at the core of any successful business. Without sales there is simply no money to pay the bills and the business fails. But there are other, less obvious types of “sales” that are just as essential to the success of your business. Without these sales, made regularly, your costs will increase dramatically. These are the “sales” you must make, not with your prospects, but with your support team. Your support team includes your employees, your outsourced services, and your suppliers. Each one of these “sales” requires a different approach to fully engage them to do their best work for you, take on additional responsibilities, provide quality products and services, and extend your credit and terms. But they all have one thing in common. They must believe you have their best interests at heart before they will commit their time, energy, loyalty, products and services to you. But when they do, they can significantly reduce your costs, turnover, and need for capital, thereby dramatically increasing your chances of success.

1. Successful Entrepreneurs Must Constantly Sell To Each Business Relationship

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Employees. Your employees are key to your success – if they really understand that you are offering them a career opportunity, security, a piece of the action, appreciation, guidance, respect, and time off. They must be clear on how their job, however removed, eventually affects sales, why it's important, and how it fits into their careers. Show them that you have their best interests at heart so they will be more appreciative of performance based-compensation plans, bonuses, and increased decision-making power.

Outsourced Services. Show appreciation for your outsourced services by providing them with a clear message about your expectations. You can achieve this by having policies in place to constantly improve communication, being clear on requirements and deadlines, and sharing with them the reasons for your requirements. It also means that you give more praise than criticism, and your criticism is constructive. Show them that you are easy to work with. "What can we do on our end to help you be more effective" is a great "sales" pitch for these folks.

Suppliers. Show empathy for the risk they are taking with your new or growing company. Share with them your goals, challenges, and opportunities on a regular basis. This will alleviate some of their fears when they take a chance on you by extending credit and terms that enable you to grow. They worry that you may pay your bill late, or be a "beg pay." Work out a long-term commitment so they know you won't dump them for another supplier. They have to believe they can grow with you. It takes considerable seasoning over time to prove you have their best interests at heart.

1. Successful Entrepreneurs Must Constantly Sell To Each Business Relationship

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Negotiating every business relationship is a sales process. You have to gain their trust and prove to them that you fit into their business and growth plan. You have to be aware of their fears and allay them. You do this by demonstrating over time that you will live up to their expectations, and that you are a true strategic partner, helping them achieve their goals.

The alternative to making these “sales” is to spend tons of money on turnover, lost corporate knowledge, high interest rates, short payment terms, and higher service and supply costs. This is money that startups can't afford, and money that is better spent growing your business.

These types of sales to your support team are rarely taught in school and receive little focus in the entrepreneurial media. But when you demonstrate that you have your team's best interests at heart, you spend less and monetize faster!

2. Social Skills Can Reduce Your Need for Cash

REAL TIME = REAL MONEY!



Business owners want to know, "How do I raise more money?" We ask, "Why do you need more money?" The answer is usually, "To pay my bills" or, "To grow my business." But we have found that more money may not be the answer. What if you could get more investors, increase your credit limits, extend your terms of payment, and close more prospects – all by using better social skills?

By developing and using good social skills you can reduce your need for capital. Conversely, poor social skills will increase your need for cash. Why? Because people simply don't know you, like you, or trust you enough to take a chance on you. And people are ultimately making the decisions... not algorithms!

2. Social Skills Can Reduce Your Need for Cash

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Here are a few examples of how poor social skills will increase your need for capital:

1. Increased turnover because of poor relationships, resulting in loss of knowledge, skills, and critical supplier and buyer relationships.
2. Increased need for prospects, because you will be closing (or converting) less.
3. Reduced opportunities to extend lines of credit because of poor communication.
4. Everything you want to do takes longer because of lack of cooperation.
5. Reduced knowledge of your industry because folks simply don't want to talk to you!

Have we become so dependent on email, social media, and texting that we have forgotten how to communicate in real time? Are we so afraid of personal rejection that we need that constant security "screen" that gives us the lag time to ignore, delay, or delete any uncomfortable or negative communication? Are we afraid to face a person in real time because we may not have all the answers they want? If any of this sounds familiar, get out your wallet! You're going to need a lot more money!

Perhaps, instead of asking for more money, you should be asking "How can I improve my real time, face-to-face communication skills with vendors, suppliers, employees, and buyers? How can I improve the first impression I make with total strangers in real time?"

Not too long ago before email, social media, and texting, the Baby Boomers had to do their communication in real time. Just imagine! Phones were used only for verbal, real-time communication; meetings were in person; sales calls were in person; and suppliers gave credit if they felt you were trustworthy based on your face-to-face meetings! Personal relationships built trust, and business relationships are built on trust.

2. Social Skills Can Reduce Your Need for Cash

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So how did these Boomers build the greatest economy, the greatest infrastructure, and the highest standard of living the world has ever seen? They did it by building trust through real time relationships. What are the social skills that made them so powerful and effective in real time? Basically they practiced what we call today the Humanities (AKA the Liberal Arts or Human Studies). They learned how humans tick! They learned through formal education, their upbringing, or just plain hard knocks!

We speak internationally at universities that teach entrepreneurship. Each school of entrepreneurship comes from a different place. They come from the school of business, the school of technology, and from the school of engineering or agriculture. But all have one purpose, to teach their students how to succeed in their own businesses.

Students ask us, "What else should I be taking beside business courses to be successful?" We always answer, "Communication, Psychology, Philosophy, Social Studies, History, Culture, Religion, Literature, and Political Science." Why? Because it is through the mastery of these Human Studies that you will be better prepared to conduct more fruitful, real-time conversations that will save you money, time and effort. It is through these Human Studies that you will be able to turn real time into real money!

3. Do You Need More Money - Or Improved Relationships?

“WE’RE GOING TO RAISE YOUR CREDIT LIMIT”.



A common lament we hear from startups is, “If I only had more money!” or, “I would have succeeded but I was undercapitalized,” or even, “I ran out of money!” But what is money but trust in the form of investment? Someone is taking a risk on you. Money without trust can be very expensive.

The banks love it when you have to come to them to borrow money at high rates to pay for your services and supplies. When you can’t collect the money owed you before your bills are due, they are right there with short term loans and lines of credit.

3. Do You Need More Money - Or Improved Relationships?

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So do you really need more money? Or do you need to develop better relationships with your vendors and suppliers?

First, you build a relationship based on trust with your key suppliers. With that foundation, they will be more likely to raise your limits and extend your terms. Over time, they will realize that your success is a key to their own growth and success.

But how do you get to that level of trust? It takes empathy, communication, dependability, and good behavior - over time. They have to believe that you have their best interests at heart. That means that you must be clear about what their best interests are. Where are they going with their business? Who is their competition? Where do they want to be in five years and how can you help them get there. We chose our suppliers and vendors based on how we could grow our businesses together. We also took this approach when choosing our distributors. We offered them big discounts on volume for cash and then helped them sell it. They became loyal and we enjoyed dependable receivables.

The whole idea here is to reduce your need for cash in the first place - so you don't have to borrow so much or so often. Ideally your buyers pay you before your bills are due! And conversely, your bills ideally aren't due until your incoming checks have cleared. Reality is somewhere between that ideal situation and borrowing money to pay for all your supplies and services. This is where building a strong relationship based on trust really pays off. The stronger the relationship, the less money you need! Period!

3. Do You Need More Money - Or Improved Relationships?

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When you write a business plan, you itemize the costs you expect to pay. Then you start your business and find out costs are higher than you planned. When you itemize your receivables, they are almost always less - and received later - than you planned! In other words, your business plan is generally impractical. The day after you open your doors, it's the cash flow projection that is guiding your business, not your business plan. Your business relationships directly affect your cash flow projection and the very survival of your business.

The sooner you get started, the better. Identify right now the suppliers and vendors you can grow with. When you grow, they grow.

But don't leave out the magic ingredient, the foundation of trust. Let your major vendors know your plans, your directions, and the obstacles you face. Offer them long term contracts that make them feel comfortable about helping you grow. Call in advance when you can't make a payment and offer a plan to get your account current. Meet with them on a regular basis to review your progress and ask for the help you need - that will result in more sales for them.

Remember your vendors and suppliers will judge you more by how you behave when you're in a pinch than when it's smooth sailing. That's when you show your true intentions. That's when you show your stuff and build your trust, and that's when you can reduce your need for capital.

4. 5 Ways to Build Trust and Grow It

YOU CAN TRUST ME!



Good business relationships are built on trust. People who depend on you, from your creditors to your employees, need to confidently rely on you to treat them fairly. Once they know you can be depended upon, they will extend their cooperation and even make allowances for you. This is absolutely critical to your success.

The sooner you demonstrate that you are trustworthy, the faster you will receive the benefits, such as extended credit, loyalty, engagement, priority ranking, increased sales, and opportunities. The key is to be proactive. Look for ways to show all the folks you work with that you have their best interests at heart.

Here's our short list for how to build and grow trust:

- 1. Communicate Often.** Be clear about what you are doing and why. Don't leave anyone in the dark guessing what you are up to. We recommend regular meetings with creditors, suppliers, outsourced services, and your own team. Alleviate their fears by sharing vital information early and often. The more they know, the more confident they feel about working with you.

4. 5 Ways to Build Trust and Grow It

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- 2. Forge Alliances.** Identify who gets ahead if you do and forge these strategic alliances. Treat these folks like business partners, such as sharing your plans for expansion with suppliers who will benefit from your increased business. Discover how you can work together to improve their business while reducing your need for capital, such as long-term contracts in return for free warehousing and better terms.
- 3. Mend Fences.** When you make a mistake, don't try to cover it up or blame others. It will only exacerbate the situation, lose you precious credibility, and hurt the relationship. When you realize you are about to miss a payment, call your creditors immediately. Be ready with a payment plan based on receivables that will bring your account current. This shows empathy for their position and the risk they have taken on you. Remember, you are judged more by how you handle a mistake than when everything goes smoothly.
- 4. Be Honest.** If you harbor hidden agendas or deliberately withhold information to trap or manipulate others, this will result in you losing the relationship and your reputation in your industry. Voluntarily expose loopholes to reassure the people you depend on that you will not take unfair advantage of them. Show them you are a true partner, watching their back, not waiting to stab it! Don't give them reasons to keep their guard up or you will only get the words, and not the spirit, of your agreements.
- 5. Service Your Customers.** Nothing says, "I got your money and now you are stuck with my product" more than poor customer service. When you are all over them to make a sale but can't be reached to fix a problem, you are killing your long-term business security and opening the door for competitors to take your customers. Customer service is more important than the product. Without it, your customers will no longer buy, and will feel an obligation to tell others about their bad experience. When you show them that you are treating them like a friend, they become loyal advocates.

5. 5 Key Elements of Productive Business Relationships

IT'S ALL ABOUT RELATIONSHIPS!



As you conduct your business, you will find a myriad of folks you will interact with, and their cooperation and support are crucial to your success. Simply having a killer product at an unbeatable price just isn't good enough to guarantee success. You must gain the trust of everyone you do business with whether they are a buyer or a supplier.

5. 5 Key Elements of Productive Business Relationships

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Here are some essential elements of business relationship building that worked for us:

- 1. Time:** For years we called on a big buyer who never gave us an order. But when he finally did buy, he bought big! We asked why he hesitated, and he said he had to get to know us first. He said our persistence proved we were dependable! When we asked a supplier for a higher credit limit they initially said no. But after years of sharing our plans with them quarterly, generally making timely payments, and calling in advance when we were late with a plan to bring us up to date, they dramatically increased our credit. Time is the ingredient that turns an acquaintance into a trusting supplier or buyer who will work with you to help grow your business.
- 2. Integrity.** Do what you say you are going to do. Show up when you say you are going to. Honor your pricing and delivery dates, even when it hurts. Be reliable. Remember, you are judged by your behavior and that behavior can make the difference between business as usual or a growing business. Your buyers and creditors want to trust you. They make money when you are dependable, so give them no reason to worry about your company. Eventually we had buyers who said, "Keep me in stock on your products and let me know when you want to promote them." That relationship was built on integrity.
- 3. Empathy.** Put yourself in your customers' and suppliers' shoes. Find out what is important to them. From your buyers, find out the products and suppliers they like and why, and the ones they don't and why. From your suppliers, understand their concerns extending you credit. Have their interest at heart. Demonstrate this with suggestions, products, and the kind of dependability that puts their fears at ease. If you show that you are concerned about their needs, sooner or later you will find an opportunity to provide them with a solution that solves their concerns - and yours!

5. 5 Key Elements of Productive Business Relationships

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- 4. Resolution.** When there's a problem, solve it quickly and in a way that makes the offended party whole. Then show them how you will prevent the problem from reoccurring. Remember, you are judged more by what you do when you're "bad" than what you do when you're "good." So go beyond just apologizing and "make it good." Make up for the time and hassle you caused, even if it costs you to do so. That will impress them more than a hundred great performances where everything went smoothly.
- 5. Loyalty.** Give special treatment to the buyers and suppliers who took a chance on you and your product. Think twice before making a move that may hurt anyone's business with whom you have been working with for years. Remember, they helped you and were expecting to benefit by your growth and success. When suppliers and buyers help you get off the ground, look for a ways to keeps your relationship strong, and give them your loyalty.

Sure, there's more but these are the deal breakers when they are missing, and they cement the relationship when they are followed. Building relationships is the most important part of successful business. Take the time and show them what you are made of. It doesn't cost, it pays!