

# TOOLS AND TECHNIQUES OF SMALL BUSINESS MANAGEMENT-AN OVERVIEW

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## ABSTRACT

*Small businesses are either services or retail operations like grocery stores, medical stores, trades people, bakeries and small manufacturing units. Small businesses are independently owned organizations that require less capital and less work force and less or no machinery. Since you and your business are separate taxable entities, you need to have separate finances. Otherwise things just get messy and you might as well assume you'll have to deal with an audit even if you've got nothing to hide. Recently I heard John and Kate (the couple behind Entrepreneur on Fire, not the reality show stars with 8 children) on a podcast talking about how when you hire someone, you should actually expect a temporary increase in work instead of immediately being able to offload responsibilities and have the free time you dream of. That's because, even if you make the smartest hires in the world, they're not going to understand and acclimate to your business right away. Instead, they're going to need time to learn. So if you're not already paying your taxes on a quarterly basis, talk to your accountant to see what your quarterly minimums should be and make sure you send them in. The best part is, you don't have to do the filing paperwork every quarter. As long as you send in the checks (or pay online) and keep track of what you've sent, you'll be good to go and now have any sort of fee to pay. Leaders who embrace the authoritative management style have little trust in their employees and expect their orders to be executed without further discussion. The problem is that if your instructions are unclear or your employees don't believe in your vision, they may not be able to get things done. Plus, there is no room for creativity and self-expression.*

**KEYWORDS-SMALL BUSINESS, TOOLS, MANAGEMENT, FACE BOOK, PAY, MONEY, INVESTMENT, WORKERS, WORK.**

## INTRODUCTION

Small businesses are either services or retail operations like grocery stores, medical stores, trades people, bakeries and small manufacturing units. Small businesses are independently owned organizations that require less capital and less work force and less or no machinery. These businesses are ideally suited to operate on a small scale to serve a local community and to provide profits to the company owners.

**DEFINITION**-Indian government defines small businesses on the basis of the business's ability to invest in the plant and machinery. According to the definition provided by the government website for business, business.gov.in, a small scale business is a business set up in which the financial commitment towards infrastructure such as building & equipment, whether made as an owner or on rental or purchase basis, does not surpass Rs. 1 crore.

### Types of Small Business

- Small-scale manufacturing industries.
- Handlooms and power loom.
- Khadi
- Agro-based industries.
- Tuition Centres.
- Photography.
- Breakfast joint
- Printing.
- Coir
- Sericulture

## TOOLS

### 1. Separate Your Personal & Business Finances

Let's say for some reason setting up a legal entity isn't an option.

Or for some reason your paperwork is being held up, but you just can't wait to get cracking on your business.

Please, please, please, by all means, don't accept payment in your personal business account or put business expenses on your personal credit card.

Most banks will require official business paperwork to open something up in your business's name, but at the very least, you can open separate personal accounts that are designated for only business transactions.

Regardless, even if getting your LLC paperwork was a breeze, this is something you have to do.

Since you and your business are separate taxable entities, you need to have separate finances. Otherwise things just get messy and you might as well assume you'll have to deal with an audit even if you've got nothing to hide.

### 2. Pay for Accounting Software

A lot of brand-new business owners—especially those who are bootstrapping are constantly looking for ways to save money.

So much so that tasks like accounting and bookkeeping—or keeping track of money in/money out is something they assume they can do on their own.

But honestly, there's no need to go full-out and hire an on-staff accountant. At least not at first.

There are so many options for good, easy-to-use accounting software, that it's just silly not to use them.

And honestly, for as little as they cost, they almost always pay for themselves with time saved.

You can get basic versions starting at \$10 to \$20 per month, and if sending invoices are a thing you do, they'll look **so much better** and take so much less time to make than if you tried to fumble around Excel and do it yourself.

### 3. Invest in Your Education

Heart-to-heart right now: the best money I've spent on my business has been on my own education to further it.

If I don't know how to do something, I know it's silly for me to keep trying to Google solutions, go through months and months of trial and error, and maybe get it right after that.

Instead, it makes a lot more sense to pay a few hundred dollars (sometimes even a few thousand, depending on the skill) to have someone who's been there, done it, and been successful at it teach me how to do it right the first time.

Because even though those courses cost money upfront, they more than pay for them in return on saved mistakes alone... not to mention how much they help me actually make more money because of the things they teach.

I've done courses on how to set up my business, how to manage clients, how to market, how to advertise, how to write, how to pick colors and do basic web design, how to network, and how to create an info product.

Free courses are available yes, but they only scratch the surface. Paying money to dig deep into the topic and really learn it goes so, so far. Trust me.

### 4. Train New Employees Well

Recently I heard John and Kate (the couple behind Entrepreneur on Fire, not the reality show stars with 8 children) on a podcast talking about how when you hire someone, you should actually expect a temporary increase in work instead of immediately being able to offload responsibilities and have the free time you dream of.

That's because, even if you make the smartest hires in the world, they're not going to understand and acclimate to your business right away.

Instead, they're going to need time to learn the ins and outs, to understand your expectations, and to mentally put the puzzle together to see how all the small pieces add up to your larger goals.

They're not going to hit the ground running on day one, and you shouldn't expect them to.

Train them well to do their jobs—even if they've filled the same role five times before at five different companies and you assume it should all be the same. (It's not all the same.)

If you're not sure how to put together a training plan, check out this guide on Inc. and its dig deeper resources.

Plus, when someone feels more competent in their job, they feel more empowered and proud of what they do.

### 5. Ignore Your Inbox the First 4 Hours of Every Day

No doubt you've read productivity articles that have advised you not to **check your emails** first thing in the morning.

Because it's a piece of advice repeated so often by people doing nothing but parroting one another, it can be easy to ignore.

But, it does serve a purpose, and a good one at that.

The thing is, when you're actively going through your emails, your brain feels busy. It is busy, actually, but not with the most important tasks of the day.

And studies have shown over and over again that decision fatigue as the day wears on and as our brains keep thinking is very much a thing.

## 6. Invest in Marketing

An **"Open for Business"** sign on your front door and/or a website that's finally gone live isn't enough to get you customers.

It'd be nice, but that's just not the world we live in.

The world we live in requires small business people like us to force our way in front of people, show them something valuable, and somehow have them listen to our pitch.

Because without that, ain't nobody going to just be compelled out of the blue to buy from us.

So to invest in marketing properly, you'll need to do a little research to find out what works best for your business model and your market:

- Renting a booth at a festival?
- Online content marketing?
- Ads in the newspaper?
- PPC ads in Google?
- Face book ads?
- Network marketing and referrals?

## 7. Schedule Meetings with Yourself

As the business owner, you've got a ton of decisions to make.

You're the one responsible for your company's ultimate success or failure, you're the one all your employees look to for direction, and you're the one that's got to see the **big branding picture** to know what moves to make next.

But because running a business even a "small" business requires so much work and such a long freaking to-do list, we often get so caught up in feeling accomplished by getting that work done and those to-do items checked off that we forget to check in with ourselves as business owners.

In short, we get caught up in acting like an employee to such an extent that we forget to be the boss.

**So every week** I schedule mine on Friday mornings—take 30 minutes to an hour to have a meeting with yourself as the chief strategist of your business.

## 8. Pay Your Taxes Every Quarter

I'll admit, this is something I didn't always keep up with until this year.

And the reason I'm keeping up with it now was because when I filed my taxes last April, I had to pay a fine for not paying my minimum amounts on time.

I had every intention of paying my taxes, I just assumed it wouldn't matter if I paid them ahead of time or if I paid them at the time of filing. But I was wrong. The IRS wanted your money within 3 months after I made it.

It makes sense... if you pay sooner they can make better use of your money and/or earn interest on it.

So if you're not already paying your taxes on a quarterly basis, talk to your accountant to see what your quarterly minimums should be and make sure you send them in.

The best part is, you don't have to do the filing paperwork every quarter. As long as you send in the checks (or pay online) and keep track of what you've sent, you'll be good to go and now have any sort of fee to pay.

## 9. Ban Multi-Tasking

Because really, who are we kidding here? It astonishes me that I still see job descriptions seeking "competent multi-taskers" when it's been proven in one study after another that multitasking is both impossible and that attempting to do it makes you about 3,000 times less productive. So don't let yourself or your employee's multi-task.

Don't think you can absorb the information in an instructional podcast while also blasting through your email inbox. Or deal with your Twitter notifications while you're on a conference call with your suppliers.

At any point you're paying attention to one while the content of the other is just coasting right over your head without any cognitive recognition from your brain.

By doing one thing at a time—and only one thing at a time—you'll find that you actually get more done in a day, that your work rises to a much higher quality, and that you'll make fewer mistakes that you have to go back and undo later.

### **10. Have a Go-To Accountant**

In addition to the advice to have accounting software that I talked about above, it's also smart to have an accountant you can go to as-needed.

Again, I'm not talking about hiring one to keep on staff with you.

Instead, I mean finding a certified CPA who you can hire to do your taxes when the time comes and get financial advice from as and when you need it.

It also never hurts to have an accountant review your business's cash flow to make sure you're covered for a risky economic situation—even if it's unpredictable. (Remember 2008?)

If you know your numbers and stay on top of them, you'll always be in a better situation than if you kind of think you're doing good enough for the time-being.

Ever wonder what separates good managers from the rest? Are they more involved, or do they perhaps have stronger leadership skills? As a current or future manager, you want the best for your company and its employees. That's why it's important to familiarize yourself with the different management techniques and styles. **Management Styles and Organizational Performance**

Each manager has his own way of training the team and getting things done. His approach has a different impact on employee performance and morale. Different management styles and techniques have different outcomes in terms of effectiveness, organizational culture, work performance and other key factors influencing your business.

Management style is the manner in which team leaders and managers use their authority in the workplace, interact with employees and achieve their objectives. The autocratic, democratic, permissive, persuasive and laissez-faire leadership styles are widely used in organizations worldwide. Each of them is characterized by different management techniques.

Studies show a direct link between leadership style and organizational performance. Experts say that a more human-oriented management style tends to yield better results in terms of employee satisfaction. Employees who are motivated and engaged are more likely to try their best to meet the company's goals and help your business grow.

**Research the Different Management Styles**

Whether you're leading a small team or an entire organization, take the time to learn about the different types of management and their impact on employee performance and satisfaction. Later on, you can develop your own management style and experiment with various techniques to motivate your team and ensure that the company's objectives are met.

Good managers are flexible and can adjust their leadership style to suit different teams, environments and even individual employees' needs. They can shift from a democratic style to a laissez-faire style and vice versa depending on circumstances. According to the Hay/McBer Group and other experts, there are at least six different styles of management, including:

- **Authoritative style**
- **Directive style**
- **Affiliative style**
- **Democratic (participative) style**
- **Coaching style**
- **Pacesetter style**

Other specialists have classified the different types of management into **persuasive styles, laissez-faire or delegative styles, visionary styles, transformational styles** and more. Each has its own strengths and weaknesses and may or may not work depending on the organization's culture and goals.

#### **The Authoritative Style**

This management style is characterized by a clear hierarchy and strict policies in the organization. Top managers hold all the power and make decisions without consulting their teams or requesting feedback. Employees who fail to complete their tasks or execute orders will face disciplinary action.

Even though the authoritative style leads to faster decision making, it can also result in costly mistakes and affect employee morale. The decisions you make may not be the best for the organization. Sometimes, getting a second opinion can give you a new perspective and provide more complete information.

Leaders who embrace the authoritative management style have little trust in their employees and expect their orders to be executed without further discussion. The problem is that if your instructions are unclear or your employees don't believe in your vision, they may not be able to get things done. Plus, there is no room for creativity and self-expression.

### **The Directive Style**

This leadership style is quite similar to the authoritative style. Managers expect their employees to execute orders and follow the rules as directed. In order for this approach to work, it's important that you provide clear instructions and adequate training.

The path-goal theory, which stands behind this type of management, states that leaders must set clear goals for their employees and show them how to achieve those objectives. This helps increase an employee's belief that their efforts and hard work will help them meet the goal, which in turn will lead to rewards.

Directive leadership works best for teams that consist of unskilled employees, as it helps them expand their knowledge and gain expertise. Workers know that if they get the job done, they'll be given more autonomy and their efforts will be acknowledged. Furthermore, this type of management is suitable when you need to make quick decisions and deal with emergencies in the workplace.

### **The Affiliative Style**

Affiliative leadership aims to promote harmony between managers and their employees. Managers support and encourage their teams, take pride in their ability to keep them happy and tend to provide positive feedback. The end goal is to create a balanced workplace and avoid conflicts.

This style of management has its drawbacks, though. Many times, managers overlook employees' poor performance and may not be able to handle their teams when facing complex challenges. As a result, employees may settle for less and fail to reach their full potential.

Ideally, use this approach when your team needs reassurance and motivation. Encourage your employees to strive for the best and focus on improving their skills. A constant stream of positive feedback might turn against you and keep your team from achieving peak performance.

### **The Democratic Style**

Democratic leaders encourage their employees to participate in the decision-making process and solve problems together. This type of management fosters a creative environment and collaboration, improves teamwork and ensures effective communication.

Employees' opinions are factored in before the manager makes decisions, leading to increased team morale. Leaders motivate workers by rewarding team effort and building respect and loyalty. Google, Amazon, Twitter and other popular companies embrace this leadership model.

The downside is that this approach may lead to disagreements and procrastination. If employees don't agree with the manager and vice versa, conflicts may arise. Additionally, the decision-making process is often delayed.

### **The Coaching Style**

As its name suggests, this management style focuses on investing in people so they can develop their skills and become better at what they do. Managers use mentoring and coaching techniques to help their team members grow professionally and reach their full potential.

The coaching style works best in organizations where managers have extensive knowledge and experience in their area of activity. If you lack the expertise to coach people, you may not obtain noticeable results. Furthermore, this type of management is unlikely to work in a crisis situation or when quick decisions are needed.

### **The Pacesetter Style**

Managers who adopt this leadership style have extremely high standards and expect employees to follow their example and strive for the best. Unfortunately, motivating people is not their strongest point. Many pacesetter leaders fail to provide clear instructions and guidelines, which may create confusion in the workplace.

This type of management works best in organizations dealing with teams of experts. These people need little coordination because they already know what they have to do.

These management styles can be further broken down into several categories based on the manager's individual characteristics. For example, **the consultative style, participative style and collaborative style** are all different forms of democratic leadership.

Which Management Techniques Work Best?

These are some of the most common management techniques used by leaders worldwide. The question is: Which ones work best, and how do you employ them in your organization?



Sure, you might already know that it's important to encourage and motivate your staff, provide constructive feedback and delegate responsibilities, but how exactly should you do it? Let's take a closer look at some of the top management techniques to boost performance and productivity in the workplace.

### **Be Open to New Ideas**

As a manager, you may want to be in control. However, this doesn't mean you should say no to new ideas and innovation.

Give your employees the chance to compete openly for support and come up with new strategies. Listen to what they have to say before making a final decision. Encourage them to share their thoughts as well as their concerns.

Let's say you're trying to cut costs and decide to stop a project in its tracks or fire people. One of your employees suggests that switching to new equipment will cut the company's expenses by half over the next two or three years, and perhaps it can improve employees' performance, free up their time or save energy. Take his opinion into account. He knows the ins and outs of that particular piece of equipment, so he might be right.

### **Foster Creativity in the Workplace**

The best leaders are always looking for the next great idea. They're not afraid to take risks and invest in the projects in which they believe. Think of the world's most successful companies, such as Facebook and Apple. They all encourage innovation and are not afraid to do things differently.

Build a diverse team rather than hiring people who have a specific set of skills. Be willing to accept different points of view and encourage healthy debate. Run brainstorming sessions, reward creative thinking and show your interest in new projects.

### **Motivate Your Team**

Managers have the responsibility to build confidence in their team's abilities. Whenever an employee does a great job, acknowledge and reward her accomplishments. Encourage your team to get actively involved in each project and incentivize their efforts.

Only 33 percent of employees are engaged at work. Approximately 44 percent say that skilled workers are not given recognition. Lack of engagement and appreciation can demotivate even the most committed workers. In fact, companies lose \$450 to \$550 billion annually because of employee disengagement.

Most people don't just work for a paycheck. They want their efforts to be recognized. Today's employees expect managers to invest in their development and give them a purpose.

### **Lead by Example**

Actions speak louder than words. As a manager, you must lead by example in order to build trust with your team and develop genuine relationships. This approach inspires people and makes them want to follow you.

If you want your team to work together successfully, you need to practice what you preach. This is particularly important when you're dealing with a startup or small company.

Get your hands dirty and work alongside your team. Share your expertise and provide real-life examples rather than just giving instructions or setting milestones. If you make a bad decision, take responsibility for your mistakes instead of blaming your team.

### **Provide Constructive Feedback**

Hold your employees accountable, assess their performance and provide feedback. Don't just say "This isn't what I want" or "You're doing it all wrong." Let your team members know what they did wrong and what could be improved.

Your feedback should help employees hone their skills and perform better in the workplace. If you only criticize them without pointing out their mistakes, they won't understand what went wrong. Keep your message clear, objective and task-focused.

Refrain from criticizing publicly. If one of your employees makes a major mistake, schedule a face-to-face meeting to discuss these issues. Listen to what he has to say and find a way to help him do things better next time.

There are many other management techniques that can improve your company's performance and help your team grow. Make your goals clear and transparent, show your employees that they matter and look at mistakes as learning opportunities.

When you're just getting started with your small business, simply deciding which goal to tackle first—and knowing what to do and when—can be a job just by itself.

None of us are born with business smarts or an entrepreneurial playbook pre-printed into our brains. It's stuff that we've all got to figure out along the way, and that most of us make some sort of horrible mistake over.

And especially when we first get started in business—when we *don't* have years of experience to help us make smart, educated guesses—business management tips and advice from others can be incredibly helpful.

So today we're going to focus on management tips—people management, time management, money management—you name it.

But they're all tips that'll help you as a new small business owner manage your business better so you can avoid unwanted headaches and just push forward to the progress you want.

Even if you're totally self employed, don't have anyone else working for you, and are 100% self-funded from your own pocket, you need to set up your business as a separate taxable entity from day one.

Some service professionals like writers, designers, and coaches feel safer skipping this step while they're still ramping up their client base, but it usually costs \$1,000 or less and almost instantly protects your personal assets from any legal trouble your business might get into.

I'm not saying your business *will* get into legal trouble—most small businesses never do. But just in case you accidentally used a name that was copyrighted elsewhere in your state or get a totally horrible client that completely screws you over even though you have a contract... the worst thing that can happen is your business dissolves.

Which would suck, but at least you wouldn't have to foreclose on your house just to pay off what you're getting sued for... you know?

### **CONCLUSION:**

#### **It's a Lot to Take In, But You'll Get it Down (I Promise)**

Okay, I realize I've just totally inundated you with a lot of "do this!" and "now do this!" and "don't forget to do this too!" kind of advice.

And I realize that you've already got a to-do list a mile long, but if there's anything on this list that you haven't done yet or that you haven't incorporated into your management style, consider adding one item at a time to your to-do list until you get them all checked off.

There's no rule that says you have to master everything all at once. (Thank goodness, right?)

So take a deep breath, pick one thing off this list to tackle, and forge ahead with the confidence in yourself that you'll take care of the rest later. (So no need to stress over it right now.)

