

IBD'S 10 SECRETS TO SUCCESS

Investor's Business Daily has spent years analyzing leaders and successful people in all walks of life. Most have 10 traits that, when combined, can turn dreams into reality. Each day, we highlight one.

- 1 HOW YOU THINK IS EVERYTHING:** Always be positive. Think success, not failure. Beware of a negative environment.
- 2 DECIDE UPON YOUR TRUE DREAMS AND GOALS:** Write down your specific goals and develop a plan to reach them.
- 3 TAKE ACTION:** Goals are nothing without action. Don't be afraid to get started. Just do it.
- 4 NEVER STOP LEARNING:** Go back to school or read books. Get training and acquire skills.
- 5 BE PERSISTENT AND WORK HARD:** Success is a marathon, not a sprint. Never give up.
- 6 LEARN TO ANALYZE DETAILS:** Get all the facts, all the input. Learn from your mistakes.
- 7 FOCUS YOUR TIME AND MONEY:** Don't let other people or things distract you.
- 8 DON'T BE AFRAID TO INNOVATE; BE DIFFERENT:** Following the herd is a sure way to mediocrity.
- 9 DEAL AND COMMUNICATE WITH PEOPLE EFFECTIVELY:** No person is an island. Learn to understand and motivate others.
- 10 BE HONEST AND DEPENDABLE; TAKE RESPONSIBILITY:** Otherwise, Nos. 1-9 won't matter.

FOCUS YOUR TIME AND MONEY

Stress Your Firm's Fitness

7 How fit is your business? Give it a stress test to find out, just as doctors do with patients or governments do with banks to determine their viability. Business owners in every industry can run their own stress test to determine where they are vulnerable and what areas need improvement. To help pass a stress

test, be sure these are up to speed:

■ **Evaluate your cash situation.** How much is enough? How can you find ways to work with landlords, suppliers, lenders and employees to reduce overhead costs?

Those are questions posed by Rick Chance, managing director at KPMG Corporate Finance LLC, a middle-market investment

bank. Chance has developed his own stress test for businesses.

He recommends testing your business model by creating various scenarios for monthly receivables. Assume the economy will take months to stabilize. Set a goal for all supplier contracts to be reduced by 10% to 25% through negotiations. Hold managers accountable for achieving various levels of discounts.

Marty Pfinsgraff, COO of iJet Intelligent Risk Systems, which advises businesses, says to make certain your vendors and resources are aligned with your objectives.

■ **Install a culture of survival.** Make sure you have no sacred cows in your firm, Chance says. Scrutinize expenditures and personnel to justify their contribution.

"Avoid a mind-set of let's wait and see how long this recession lasts. Do more with less," he said.

Jason Pressman, managing director of Shasta Ventures, which helps firms get going, said: "Entrepreneurs are often reluctant to make cuts for fear of being wounded, but wounded is better than dead."

■ **Shoot for experienced.** Take an objective look at the makeup of your senior management team. Chance says the skills needed to manage a business during an economic downturn are not the same as those re-

quired during good times. A track record of leading through similar hard times can help.

■ **Think near-term.** Forget about a five-year plan, Chance says; zero in on six to 12 months. "Focus on those activities that generate immediate cash for the business," he said.

■ **Boost banking relationships.** Financial institutions react negatively to surprises, Chance says. So provide them with realistic assumptions and explanations for your business projections and anticipate any future speed bumps.

"Banks today are more willing to extend temporary forbearances to existing borrows if they believe management has a feasible plan to repay the loan as market conditions improve over time," he said.

Chance recommends expanding your banking relationship with senior executives beyond the account manager level.

■ **Look beyond.** Pfinsgraff says observing how successful industry peers run things may provide insight into ways to improve. It's an alternative to paying consultants right off the bat. Think of it as football teams copying what the Super Bowl winner does offensively or defensively. "Outsourcing and effective use of technology may provide cost-effective ways to get more productivity out of your current budget," he said. **Michael Mink**