

Small Business Success

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Community
Futures Newsask



Leadership Styles – What's Yours?

If you are managing people you are doing so in a certain way - you have a leadership style, whether you know it or not. It could be effective, or it might not be, and it's based, at least in part, on your personality. Perhaps your personality has been the controlling factor in how you lead your team, or maybe having to manage people has changed your personality especially at work, or you have studied, or been taught management styles and you lead according to what you have learned. Traits such as whether you are people, or task, oriented will also play a part in how you lead.

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Learning a little about what your 'natural' style is will help you become a better leader. More importantly, realizing that one size does not fit all is vital; we have to adapt our style to the various personalities in our teams.

A lot has been written about leadership and no one article could hope to impart anything more than a modicum of information to get you started on thinking about how you lead the people that are important to your business. In this article we'll take a quick look at three primary styles.

The Autocrat

This style is more 'my way or the highway' than anything else. This type of leader is typically found in small businesses owners who are far better at doing than delegating. They are extremely confident in their decision-making skills and are quite often correct in the assumptions they make. They make decisions quickly with little discussion, or input, from team members and have the strength to implement what they believe is the correct course of action.

One of their strengths is that they can get people to follow them in their plans. The downside is that they can be insensitive to the feelings of those they work with. They don't ask for input, or appear to listen when it is offered.



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Employees often feel railroaded too quickly into decisions and therefore sidelined. Some team members will passively follow an Autocrat resulting in the need for direction every step of the way to ensure results; others will resist the Autocrat resulting in time wasted in close management and disciplinary action. In either case the victim is productivity.

If this sounds a lot like you, you may want to consider ways to adapt your leadership strengths to be more inclusive of team players.

The Democrat

As the name implies Democrats are the opposite of Autocrats - they are so team-oriented they can't bear to lead anyone, leaving decisions entirely up to the team. Their strengths are a strong desire to give everyone the opportunity to participate, strong relational skills that make them very approachable to their team members, and an easy-going nature that makes them easy to work for.

Their weaknesses are an inability to make decisions on their own, a "too-friendly" style that blurs the line between boss and buddy, and an inability to deal with conflict. A team's response to the Democrat on the surface is a happy, motivated group. But underlying this is a lack of confidence because they lack direction, this results in lower productivity because less is expected of them. If you're naturally a Democrat, you may want to look at how to adapt your leadership style to give more positive direction and motivation to your team.

The Director

These leaders have a natural ability to incorporate both a strong, directive approach, and one that empowers team members. They are able to take into consideration input from their team, while still maintaining control and the ability to make decisions that are best for the company. Directors maintain a strong presence on the team and have high standards for team members, while at the same time empowering them to use their skills to make decisions that affect their workload and activities. The primary strength of the Director is the ability to take into account and validate team members, and to make decisions based on the information gathered. If the Director has a weakness, it is a difficulty in maintaining that balance, and not leaning too far in one direction or the other. Team members led by an effective Director will feel empowered to direct their own work, but will also feel supported by a strong sense of direction and clarity from his/her leader. Team members are most productive under the leadership of a Director.

Adapting Your Style

Think about your leadership style. Is it working? Is your team as productive as they might be? Consider the individual personalities of the people you work with and who rely on your guidance. Do they all respond well to you, or is there some resistance? Do others seem to be on autopilot and get by just doing as they are told?

Adapting your leadership, or management style, can pay dividends and take a lot of pressure off you. If you're an Autocrat, empower your team a little more. If you're a Democrat take a little more control and direct more.

Successful Leaders

Successful leaders:

- Exhibit a high level of integrity.
- Are genuine.
- Show a high degree of emotional understanding.
- Can be empathetic.
- Motivate people.
- Show self-awareness.
- Have a degree of humbleness.
- Are inspirational.
- Set clear goals.
- Communicate well.
- Resolve conflict effectively.

4 Leadership Strategies

There are probably as many leadership strategies as there are days in the year, but here we look at four that will help you identify the one you currently use (or default to) and which might work better for you with different teams, or in specific circumstances

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Hands-off Leadership

This strategy needs to be used cautiously and is based on the premise that you think your team can manage on their own, and would prefer you didn't interfere. The problem is it means you are abandoning your responsibilities, or at least deferring them to another leader. If you are taking this course of action because you haven't the time, or desire to lead the project, or don't like it - or the team, then it is a very ineffective strategy.

If on the other hand, you are trying to develop, or test, the leadership skills of someone in your team, it can work well. However, you will need to be leading from the back and supporting your "trainee leader" allowing them to achieve success on their own. At some stage you will need to show your leadership through delegation.

Friendly Leadership

Some leaders just want a quiet life and for everyone to get on well. This is based on the belief that a happy team will also be a productive one. In reality, although people do respond to positive, fun environments it can also lead to an unstructured, unmanaged team where little gets achieved. There is no

problem with people having fun and enjoying their work, but a leader has to control the situation in a way where part of the fun is reaching goals and objectives. This strategy can work better on fun projects, rather than serious ones where there is a lot at stake.

Bossy Leadership

The reverse of the strategy above; this strategy uses a stick rather than a carrot. This autocratic strategy says to people, "You're here to a job, not have fun, do it my way and we'll all be happy." To be fair, this can get the job done, but beware the problems that may arise later. If you have a very important project with specific outcomes, where a high degree of accuracy is required, and you are working with a tight timeline, and where your knowledge, experience and supervision are vital then it can work.

Coaching Leadership

One of the best leadership strategies is where you become team coach. This approach says, "We're all in this together, let's support each other so we can get the job done quickly and efficiently and be proud of the results." This style places a high emphasis on both the people involved and the task at hand. It emphasizes working together to produce a collaborative outcome. Coaching is generally the most effective consistent leadership strategy in the day-to-day operation of your business.

Whatever your style, you can learn to adapt it to situations and to suit the projects you work on every day to create a synergistic and productive team. Good leadership is a gift to those you lead - if you use a balance of confidence, and sensitivity.

7 Days of Inspiration

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I'm a huge fan of quotes, I like the way they sum up something in so few words. If you feel you need to be motivated to help you motivate your team, take a stroll through the following selection of quotations and absorb some of their words of wisdom. Now that we all have electronic calendars the paper versions seem to have gone the way of the Dodo. I miss those chunky desktop ones that had a quote a day - I used to enjoy, and yes feel inspired, when I ripped the top sheet off each morning to expose the new quote of the day.

So, feel free to cut and paste these quotes into your electronic calendar and set an alert so that, one at a time, they will pop up on your screen and give you a quick motivational boost to be the best you can for your team everyday.

1. *The first responsibility of a leader is to define reality. The last is to say thank you. In between, the leader is a servant.* (Max DePree)
2. *True leadership lies in guiding others to success. In ensuring that everyone is performing at their best, doing the work they are pledged to do and doing it well.* (Bill Owens)
3. *Six essential qualities are the keys to success: sincerity, personal integrity, humility, courtesy, wisdom, charity.* (Dr. William Menninger)
4. *A good leader is a person who takes a little more than his share of the blame and a little less than his share of the credit.* (John Maxwell)
5. *Management is efficiency in climbing the ladder of success; leadership determines whether the ladder is leaning against the right wall.* (Stephen Covey)
6. *Leadership is solving problems. The day soldiers stop bringing you their problems is the day you have stopped leading them. They have either lost confidence that you can help or concluded you do not care. Either case is a failure of leadership.* (Colin Powell)
7. *The challenge of leadership is to be strong, but not rude; be kind, but not weak; be bold, but not bully; be thoughtful, but not lazy; be humble, but not timid; be proud, but not arrogant; have humor, but without folly.* (Jim Rohn)

These seven quotes will give you a week of inspiration. If you'd like more, visit Forbes magazines' website where they have a compiled a list of the 100 Best Quotes On Leadership quotes: www.forbes.com/sites/kevinkruse/2012/10/16/quotes-on-leadership/



Motivate Your Team to Greatness – Part 1

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As a small business owner it is very important to get the very best out of your employees; human resources are expensive and you need to see a return on your investment in people every bit as much as making a profit on the goods and services you sell.

It is up to you - in fact it is part of your job - to create an atmosphere of positive energy, enthusiasm, excellence, and professionalism and lead by example in all these areas. If your employees see that you

are dedicated to the company, that you strive to excel at what you do and demonstrate high levels of professionalism, then they will mirror these traits. The reverse is also true of course; if you swan off to the golf course three days a week, what message do you think that gives?

Motivating your team however, goes one step beyond just setting a good example. Empowering your employees both through their successes and failures is vital to motivating them to do better. If they succeed at something let them know they did a good job, and give them more responsibility, or a more important task/project/role - demonstrate you have confidence in them. If a team member fails to do a good job encourage them to do better and help them see what they could have done to improve the outcome. Show them you still have faith in them by providing a second chance for them to prove themselves. You are in a position to empower those that work for you, and with you by your words and actions.

Let's take a look at a few ways you can motivate and empower your team. Having enthusiastic employees will ensure the return on your human resources investment pays off.

Be Awesome

Being awesome is contagious. Set an example of the kind of attitude and professionalism you want to see in your team. Just as children mirror what they see, regardless of what they've been told, your employees will take their cue from you, and will model the kind of energy, values and ethics they see demonstrated by you.



Study Behavioral Styles

Understanding the people who work for you can really pay off. There is a lot of information on the Internet about this topic and an hour or so studying personality traits will open your eyes as to why certain people behave the way they do, and how you can relate to them better. Your team is not a "one-size-fits-all" entity. Each person is unique in how they communicate, work, and receive feedback, and in what motivates them. Use that information to troubleshoot problems, deal with productivity, AND motivate them according to their specific motivators!

Learn When to Fight

You haven't got time to fight every battle. You have to decide when to confront a situation, or a team member, and when to let it go. Some things just aren't that important - don't micro-manage. If you're the type of manager who likes to maintain control - you may have some difficulty with this, but if you can learn to pick your battles, you'll decrease your stress level overnight and win the war. One more thing, if you decide to let it go - REALLY let it go, don't harbor any lingering resentment.

Hold People Accountable

You don't have to be overbearing, or overly bossy, but you do need to make sure your team understands that they will be held accountable for what they commit to, or the things you have asked them to do. Empowerment comes with responsibility and your team members need to fully understand and buy into that. Don't let things slide - deal with problems right away. If your team knows you will hold them accountable, they'll work better and be stronger.

Next month we'll look at showing appreciation, building relationships, establishing healthy team competition, and celebrating success.

YBEX 2014

Youth Business Excellence Awards 2014

13th Annual

Each year for the last twelve years, Community Futures Newsask has been hosting an awards event for our **Business Plan Competition**.

Choose one of the following three categories:

1. Business Plan – Take a business idea and develop a business plan.
2. Business Venture – Report on the operation of your actual business.
3. Business Venture 2 – Significantly expanded or improved business that you previously entered.

In three age divisions as an individual or group:

- o Grades 6 to 9
- o Grades 10 to 12; or
- o Under 30 out of school or attending university or technical institute with permanent address with our region.

Check out our website for the Guidelines, Application, and Awards breakdown, www.newsaskcfdc.ca

(Click on YBEX Awards on the left menu.)

Check them out, start planning your business and enter our competition.

Submission Deadline: Thursday, April 17, 2014

Awards Event: Saturday, May 3, 2014



News from the General Manager – Judy Childs

A report was conducted to test a new method to assess the Community Futures loan client success by comparing several indicators of business success: employment and payroll growth, sales growth and exit and entry (firm longevity). Suppression issues prevent analysis of firm longevity; however, the employment and sales data show positive results. The Methodology and the complete reports may be obtained from the Community Futures web page www.newsaskcfdc.ca or cfsask.ca/newsask.

Round One (2003-08)

Executive Summary

This report is the first test of a new method to assess Community Futures loan client success by comparing several indicators of business success: employment and payroll growth, sales growth and exit and entry (firm longevity). Suppression issues prevented analysis of firm longevity; however, the employment and sales data show positive results:

- In terms of employment, CFP (Community Futures Program) assisted firms grew at a compounded annual rate of 13.7% per year compared to 8.2% for non-assisted firms, from 2003 to 2008. Small CFP assisted firms (less than 20 Annual Labour Units or ALUs) grew at a higher rate than small non-assisted firms (15.8% versus 8.6%). However, medium-sized CFP assisted

firms (20 to 100 ALUs) tended to do less well than the group of comparable firms in terms of job growth (6.1 versus 7.2%).

- In terms of sales, CFP assisted firms grew at a compounded annual rate of 25.8% compared to 20.1% for non-assisted firms from 2003 to 2008. Smaller CFP assisted firms increased their sales by 24.6%, compared to 16.6% for comparable firms. Medium-sized CFP assisted firms increased their sales faster than comparable firms as well (33.7% versus 30.2%).
- CFs were able to obtain business numbers for 2,071 active clients. 1,098 of those clients were found in the Statistics Canada's Business Register and 683 (33%) were able to be linked to the Longitudinal Employment Analysis Program (LEAP). Those 683 clients reported a total payroll of \$101,433,287 in 2008, over 3022 ALUs, and sales of \$431,774,050.

Conclusion

Using the firm tracking data compiled by Statistics Canada, the performance of CFP assisted firms is compared in terms of employment growth, payroll growth, business survival rate and sales growth to a group of comparable firms that did not receive assistance. With the exception of the business survival rate, the three remaining indicators can be calculated and reported in the CF performance measurement strategy. The business survival rate for CFP assisted firms cannot be calculated because of data suppression issues. With the assisted firms as whole, one can draw confident conclusions. By industry, the analysis is more tentative, due to small numbers of cases.

The data demonstrates that Community Futures organizations' lending activity is making a difference, as CFP assisted firms perform better than the comparable group in terms of growth in employment, payroll, and sales. While it is difficult to discern whether or not a firm downsizes or stops doing business, it is possible that the effort of medium sized firms to downsize their labour in an effort to remain in business in the community is a contributing variable to the slower paced job growth rate. Future reports will keep this in mind, and evaluate the future performance in job growth, sales growth and firm longevity.

Round Two (2004-09)

Executive Summary

This report is a continuation of a performance measurement strategy used to evaluate Community Futures (CF) loan client success by comparing several indicators of business success with those results from comparable firms for the period 2004 to 2009. Some of these indicators include industry concentration, employment growth, firm longevity, sales growth, and labour productivity growth, which are measured using data obtained from Statistics Canada.

Overall, the data show positive results:

- CFs in Western Canada were able to obtain business numbers for 2,584 active clients. Of these, 2,476 (96%) clients were found in Statistics Canada's Business Register (BR), but only 746 (29%) were linked to both the Longitudinal Employment Analysis Program (LEAP) and the General Index of Financial Information (GIFI). Of the 746 clients in 2009, 666 firms reported a total payroll of \$131.9 M, over 4,000 ALUs (average labour units), and sales of \$589.4 M.
- In terms of employment growth from 2004 to 2009, CF assisted firms increased their number of employees by 10.4% annually compared to a 13.2% compounded annual employment growth rate of non-assisted firms. This could be because of the relative vulnerability of CF loan clients during the economic recession.
- In terms of sales, from 2004 to 2009 CF assisted firms exhibited a 21.8% compounded annual sales growth rate compared to 9.9% compounded annual sales growth for non-assisted firms.

- CF loan clients in Western Canada have been more successful in remaining in business than those firms in the comparable group. Firm longevity for CF assisted firms is notably higher in later years of operation. The business survival rate for CF assisted firms was 74% for the fifth year following entry, and 65% for comparable firms.
- The Herfindahl Index, a measure of industry diversification, has declined from 2008 to 2009. This decline indicates that CF organizations are lending to a more diversified client base, but future analysis of this measure is needed.

Conclusion

Using the firm tracking data compiled by Statistics Canada, the performance of CF assisted firms is compared to a group of similar firms that did not receive assistance. Indicators including industry composition, employment growth, payroll growth, business survival rates, and sales growth are calculated and compared for both groups of firms. Though the sample size does not capture all CF assisted firms, as not all firms are matched perfectly to the BR and LEAP, the results give insight as to how CF assisted firms perform relative to unassisted SMEs.

The data demonstrates Community Futures organizations' lending activity is making a difference in a number of ways. The Herfindahl Index for CF assisted firms has declined from 2008 to 2009, but will need future analysis to confirm that the CF client base is becoming more diversified. While CF assisted firms have lower employment growth than those in the comparable group between 2004 and 2009, they did outperform non-assisted firms in terms of business survival rate and sales growth. The overall trend of labour productivity is stable for CF assisted firms.

Furthermore, CF loan clients withstood recessionary impacts following the financial crisis of 2008 better than similar firms that did not receive CF lending. While CF assisted firms did not experience continued significant growth in sales or sales per worker from 2008 to 2009, the decline in these financial indicators was less severe for CF loan clients than for firms in the comparable group. Further analysis should continue to evaluate how each group performs over time.

Round Three (2005-10)

Executive Summary

This report is a continuation of a performance measurement strategy used to evaluate Community Futures (CF) loan client success by comparing several indicators of business success with those results from comparable firms for the period 2005 to 2010. These indicators include industry concentration, employment growth, firm longevity, sales growth, and labour productivity growth, which are measured using data obtained from Statistics Canada.

Data suppression issues presented a number of issues when analyzing the industry concentration for CF assisted firms; however, the data show positive results:

- CFs in Western Canada were able to obtain business numbers (BN) for 3,032 active clients, more than in previous years. Of these, 2,600 (86%) clients were found in Statistics Canada's Business Register (BR), but only 852 (28%) were linked to both the Longitudinal Employment Analysis Program (LEAP) and the General Index of Financial Information (GIFI).
- In terms of employment growth from 2005 to 2010, CF assisted firms increased their number of employees by 8.2% annually compared to a 3.9% compounded annual employment growth rate in non-assisted firms.
- In terms of sales, from 2005 to 2010 CF assisted firms exhibited a 17.3% compounded annual sales growth rate compared to an 8.0% compounded annual sales growth rate for non-assisted firms.

- CF assisted firms exhibited stronger firm longevity than those firms in the comparable group, especially in the long run.
- CF organizations are lending to a more diversified client base according to the Herfindahl Index, a measure of industry diversification.

Conclusion

Using the data on firms in Western Canada retrieved by Statistics Canada, the performance of CF assisted firms is compared to a group of similar firms that did not receive assistance from 2005 to 2010. Indicators including industry concentration, employment dynamics, firm longevity, and sales performance are calculated and compared for both groups of firms. Though the sample size does not capture all CF clients, as not all firms are matched perfectly to the BR and LEAP, the results give insight as to how CF assisted firms perform relative to unassisted SMEs.

This round of data is different from previous rounds. The match rate was lower than in round two, but higher than round one. As a result, there is some data suppression of certain industries. Not all relevant data were suppressed, but some values for financial or firm information for specific years in certain industries were suppressed. This prevented the calculation of growth rates to be used for analysis in industries such as Information and Cultural Industries, Mining and Oil and Gas, Management of Companies and Enterprises, and Arts and Entertainment. This did not affect the strength of the analysis of business survival rates.

The data demonstrates Community Futures organizations' lending activity is making a difference. CF organizations have continued to lend to a more diversified clientele base, according to the Herfindahl Index. CF assisted firms outperformed the comparable group in terms of job growth, firm longevity, and sales growth. The overall trend of labour productivity is stable for CF assisted firms, but CF loan clients remain less productive than the comparable group. The reason for this is unclear, but it is likely due to lower economies of scale in younger CF assisted firms.

It should be noted that CF loan clients rebounded from recessionary impacts following the financial crisis of 2008 better than similar firms that did not receive CF lending. While these firms did not experience significant growth in sales or sales per worker from 2008 to 2010, the decline in these financial indicators was less severe for CF loan clients than for firms in the comparable group. Furthermore, growth in these measures after 2009 has been higher for CF loan clients than for the group of comparable firms. Further analysis should continue to evaluate how each group performs over time.



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