PART 1. LEVEL OF INFORMATION SYSTEMS

Since no single system provides all the information an organization needs, a number of systems have been developed to serve different organizational levels and functions. Operational, knowledge, management and strategic-level systems are designed to meet a variety of different information needs. Different levels in an organization have different interests and needs
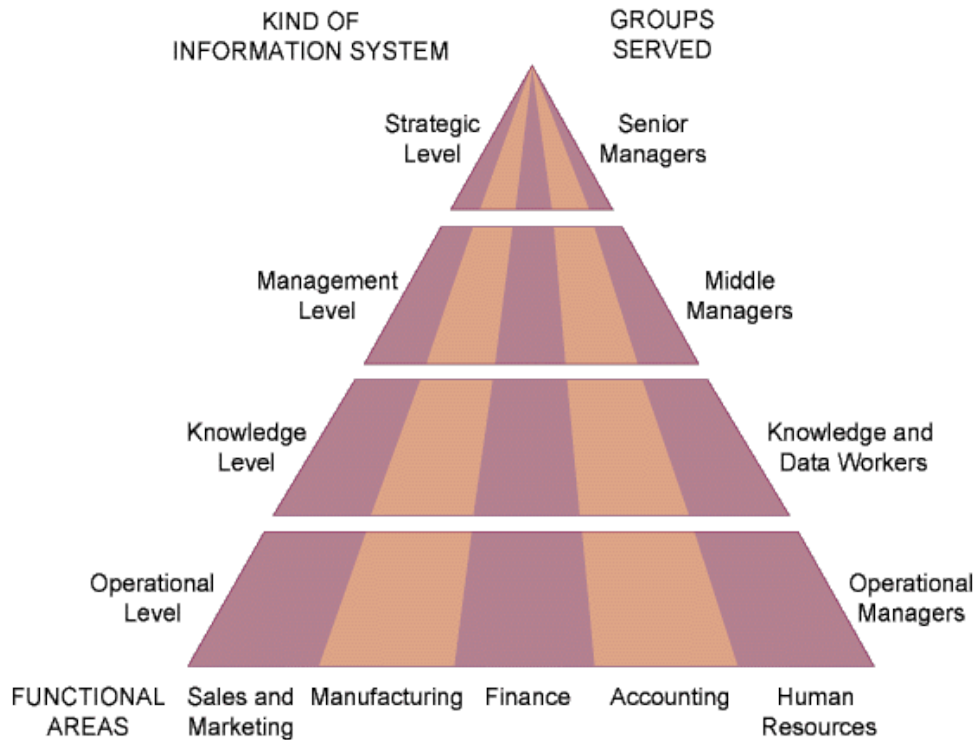

Figure 1

Operational level systems support operational managers needs for current, accurate and easily accessible information primarily used to keep track of the elementary activities and transactions of the organization.

This practical guides try to complete Information Systems lecture with Practical Information Systems activity in busniess organizations.

Every Operational level Information Systems (Figure 1) supports business functions, this practical guide contains majority of practical Operational level with office suites.

Main contents of this guide, cosist of :

1. Everydaya office
2. Administration
3. Finance
4. Human Resource, 5. Marketing

PART 2. EVERYDAY OFFICE

1. Pricing a product to maximize revenue

Determining a price for a product that maximizes revenue is an ongoing process that challenges the best business planners. The first step in developing a pricing strategy is to collect data about the buying habits of your customers. You can use that data to calculate a product's price elasticity of demand, which is a measure of how price changes affect consumers' willingness to buy a product.

Pricing strategy plays a critical role in fleshing out a company's budget. Pricing is used to project sales revenue and calculate profit and loss. In addition, some pricing strategy tasks, such as collecting pricing data and positioning products in new markets, can be expensive. Budgets need to account for these costs as required line items.

Collect pricing data

The first step in a pricing strategy is to collect data about how changing prices affect buying habits. You can initially sell your product in a limited number of markets to get a feel for how your customers react to the product. Sell your test product at slightly different prices in each market to determine the price that produces the most revenue.

Another way to collect pricing data is to compare historical sales data about similar products your company sells. Or you can purchase historical sales data about similar products sold by competitors.

You can learn about buying habits by asking your customers directly. Conduct surveys to determine your customers' sensitivity to a product's price changes.

Price elasticity of demand

With a product's pricing data in hand, you can calculate price elasticity of demand, which is a ratio that measures how price variations affect customer purchases. In mathematical terms, price elasticity of demand is calculated as the percent change in product demand divided by the percent change in product price:

Price Elasticity of Demand = % change in demand / % change in price

To calculate the percent change in demand, find the difference between the quantities purchased at each price and divide the difference by the average of the two quantities:

(Quantity2 – Quantity1) / ((Quantity1 + Quantity2)/2)

To calculate the percent change in price, find the difference between the two product prices and divide the difference by the average of the two prices:

(Price2 – Price1) / ((Price1 + Price2)/2)

Sample calculation

Follow these steps to calculate the price elasticity of demand when a product's price changes from $24 to $26, using figures from the table below:

Price Quantity purchased Total revenue

	Price	Quantity purchased	Total revenue
Price 1	$24	45	$1,080
Price 2	$26	43	$1,118

Calculate the percent change in demand between Price 1 and Price 2 : (43 – 45) /

((45 + 43) / 2) = –2 / 44 = —0.045 (or –4.5%)
  Calculate the percent change in price between Price 1 and Price 2 : (26 – 24) / ((24 + 26) / 2) = 2 / 25 = 0.08 (or 8%)
  Divide the percent change in demand (result of step 1) by the percent change in price (result of step 2) to determine the price elasticity: –4.5 / 8 = –0.56
The price elasticity of demand when the price increases from $24 to $26 is –0.56.

Interpreting price elasticity of demand
    The first thing you can do when interpreting the price elasticity of demand value is to ignore any negative signs. All you're concerned with is the size of the value.
When the price elasticity of demand between two prices is equal to 1, the total revenue stays the same. This indicates that the price increase exactly offsets the lower number of sales.
When the price elasticity of demand between two prices is less than 1, total revenue goes up. This shows that customers are not bothered by the product's price increase and continue to buy it at the new price.
But when the price elasticity of demand between two prices is greater than 1, total revenue goes down, indicating that customers do not buy enough of the product at the higher price to offset the price increase.
Sample calculation
As an example, consider the data for a product sold at three different prices in the following table.

Price	Quantity purchased	Total revenue	Elasticity
Price 1	$10	25	$250	
Price 2	$12.50	20	$250	1
Price 3	$15	12	$180	2.75

In this case, the price elasticity of demand between Price 1 and Price 2 is equal to 1. It doesn't matter whether the price of your merchandise is $10 or $12.50 — consumers will buy enough goods at the higher price to generate the same amount of total revenue.
The price elasticity of demand between Price 2 and Price 3 is 2.75. In this case, it does matter if you increase your product's price to $15. Fewer customers are willing to buy your product at that price, so your total revenue goes down significantly.

Factors affecting price elasticity of demand
    Calculating a product's price elasticity of demand helps you plan your pricing strategy. But the cold, impersonal math used to calculate price elasticity of demand doesn't account for every element affecting the demand for your product.
Here are some other factors to consider when you evaluate how price changes affect product sales:

a. Access to substitute products   Many customers don't care which brand of laundry detergent they buy. They may choose a competitor's product if you raise your product's price.
b. Item cost as a proportion of income   Understand the disposable income level of your customers. The demand for products that consume a larger proportion of a customer's budget will likely decrease as prices increase.

c. Item necessity Milk? Necessary. Bread? Necessary. Hand-roasted premium coffee beans? A luxury. Increased prices for luxury products tend to lessen demand.
d. Duration of the price change Reduced prices during a sales event can drive up demand in the short term, building valuable brand identity and word-of-mouth advertising.
e. Item attractiveness Athletic shoes and some types of clothes are valued as status symbols in some markets. These items command higher prices than they would in markets where they are considered normal commodities.

Monitor price elasticity of demand

Finding a product's price elasticity of demand isn't something you can do once and forget about. You need to monitor your competitors' prices and sales continually so that you can re-examine your pricing strategy to maximize revenue. And whenever your pricing strategy changes, make sure you update your budget to reflect changes in projected revenue, profits and loss, and pricing strategy costs.

f. Understanding cost behavior for effective budgeting

Use Excel to separate fixed and variable costs

To help budget future costs, you need to separate your fixed costs and variable costs from a total cost formula. The formula for total costs can be expressed as:

Total Costs = Fixed Costs + (Variable Cost per Unit × Cost Driver Activity)

You can use the linear regression function in Microsoft Office Excel 2007 to estimate these fixed and variable costs and develop your cost formula. Linear regression is a statistical technique that fits a line to a set of data points to show the relationship between two variables. One variable is a dependent variable. Its value is influenced by the second variable, known as the independent variable.

When there is close correlation between two variables, the linear regression tool can also help you understand how costs will change for a given forecasted activity level. Understanding this cost behavior will help you create a more accurate budget.

Follow these steps to run the linear regression function in Excel:

Step 1: Enter data and set up software
a. Open a new worksheet in Excel. You can enter your own data on the worksheet or use the data in the example that follows.
b. Create headings for the worksheet. For example, to evaluate the cost behavior of a manufacturing company, label columns Month , Total Production Costs , and Units of Output .
c. In the Total Production Costs column, enter the costs you want to evaluate. Total production costs represent the dependent variable.
d. In the Units of Output column, enter the expected cost driver of your production costs. Units of output represent the independent variable.

	A	B	C	D	E
1	**Month**	**Total Production Costs**	**Units of Output**		
2	Jan	$52,000	2,000		
3	Feb	$55,000	2,100		
4	Mar	$60,000	2,200		
5	Apr	$62,500	2,400		
6	May	$61,000	2,300		
7	Jun	$55,000	2,050		
8	Jul	$60,000	2,250		
9	Aug	$70,000	2,850		
10	Sep	$73,500	2,900		
11	Oct	$63,500	2,400		
12	Nov	$62,500	2,300		
13	Dec	$57,500	2,150		
14					
15					
16					

Step 2: Run the linear regression function

a. On the Tools menu, click Data Analysis . Click Regression , and then click OK . Note If the Data Analysis command is not available, click Add-Ins on the Tools menu, select the Analysis ToolPak check box, and then click OK . You may see a message asking whether you want to install the ToolPak. Click Yes and follow the instructions. During installation, you may be asked to insert the original disk that came with your Microsoft Office System software.
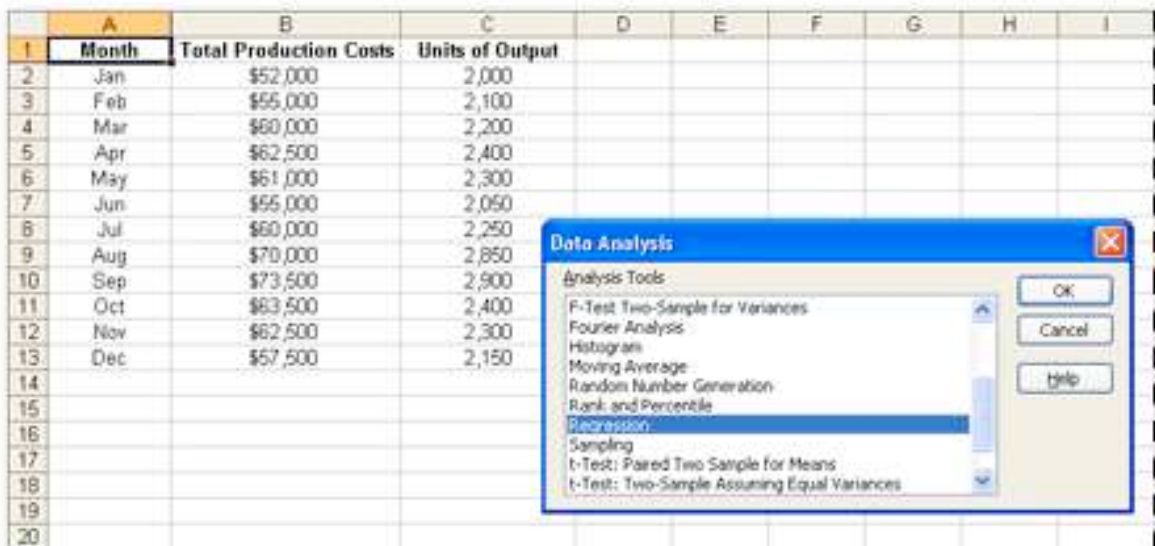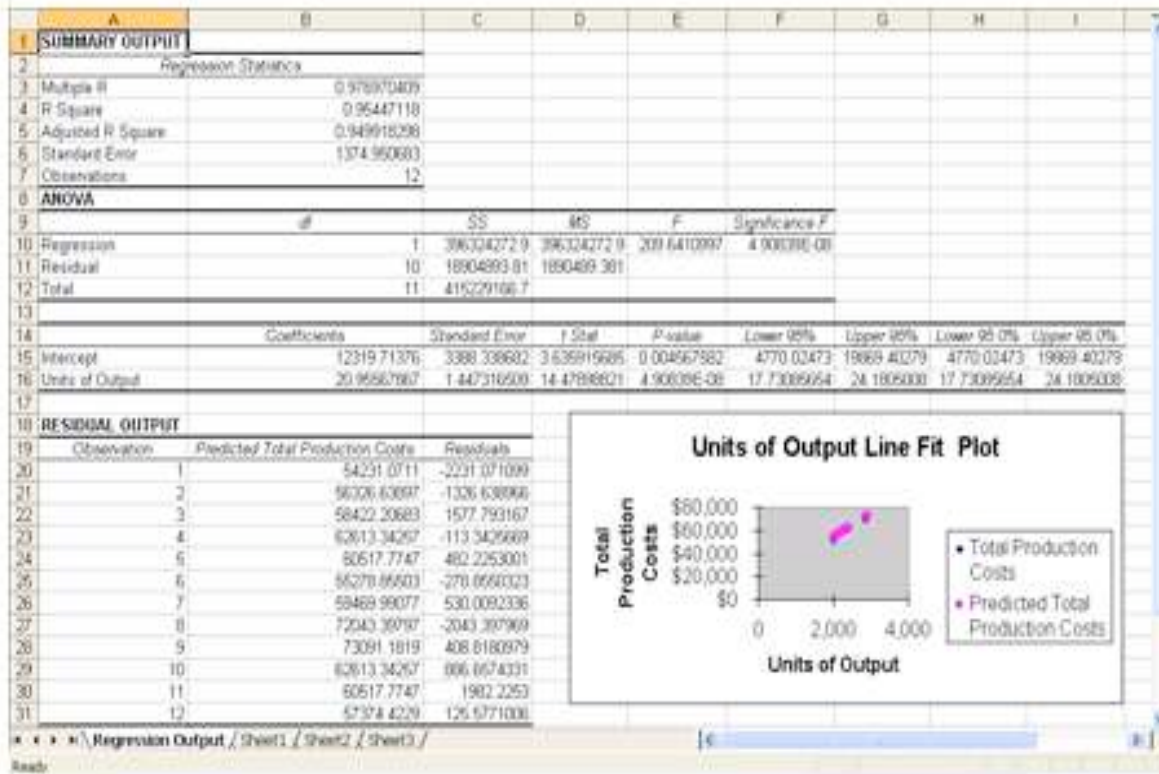

1.

b. In the Regression dialog box, make sure that the insertion point is in the Input Y Range box, and then in your worksheet, highlight the Total Production Cost column, including the column heading.

c. Place your insertion point in the Input X Range box, and then in your worksheet,

highlight the Units of Output column, including the column heading.

d. Select the Labels check box.

e. Under Output options , click New Worksheet Ply: and type Regression Output in the text box.

f. Under Residuals , select the Line Fit Plots check box, and click OK to run the regression analysis.

	A	B	C	D	E	F	G	H	I	J
1	Month	Total Production Costs	Units of Output							
2	Jan	$52,000	2,000							
3	Feb	$55,000	2,100							
4	Mar	$60,000	2,200							
5	Apr	$62,500	2,400							
6	May	$61,000	2,300							
7	Jun	$55,000	2,050							
8	Jul	$60,000	2,250							
9	Aug	$70,000	2,950							
10	Sep	$73,500	2,900							
11	Oct	$63,500	2,400							
12	Nov	$62,500	2,300							
13	Dec	$57,500	2,150							
14										
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22										
23										
24										
25										
26										

Regression

Input

Input Y Range: $B$1:$B$13

Input X Range: $C$1:$C$13

☑ Labels   ☐ Constant is Zero

☐ Confidence Level: 95 %

Output options

○ Output Range:

⦿ New Worksheet Ply: Regression Output

○ New Workbook

Residuals

☐ Residuals   ☐ Residual Plots

☐ Standardized Residuals   ☑ Line Fit Plots

Normal Probability

☐ Normal Probability Plots

OK

Cancel

Help

g. Your new worksheet with the linear regression output should look something like the following:

Note   To adjust column widths to see the entire regression output, select a column. On the Format menu, point to Column , and then click AutoFit Selection . If the scatter graph appears small, click the chart. Place your cursor on a corner of the chart and drag to enlarge the chart.

Step 3: Interpret the Regression Output
In the linear regression output, the Intercept coefficient is your estimate of fixed costs. The Units of Output coefficient is your variable costs per unit.

	Coefficients	Standard Error	t Stat	P-value
Intercept	12319.71376	3388.338682	3.635915685	0.004567582
Units of Output	20.95567867	1.447316509	14.47898821	4.90839E-08

The accuracy of these fixed and variable cost estimates depends on the relationship between your production costs variable and units of output variable. In general, a strong correlation between the two variables results in a more accurate estimate of future costs.

Using the linear regression output, you have a few ways to evaluate the relationship between your variables:

  R Square value   In the Regression Statistics box in the regression output, the R Square value indicates how much of the variation in the dependent variable (Production Costs) can be explained by the independent variable (Units of Output). In this case, the R Square value is 0.9544, meaning that 95.44% of the dependent variable variation can be explained by the independent variable. This shows a strong correlation between the two variables**.**

Regression Statistics	
Multiple R	0.976970409
R Square	0.95447118
Adjusted R Square	0.949918298
Standard Error	1374.950683
Observations	12

Scatter graph   The scatter graph in the output data is a statistical diagram that shows the regression line along with the data points. If the data points are close to the regression line, there is a good correlation between the independent and dependent variables (the R Square value mentioned earlier gives a quantitative measure of this correlation). If the regression line and data points appear far apart, there is a poor correlation between your two variables, and you may need to find another independent variable or conduct additional analysis.
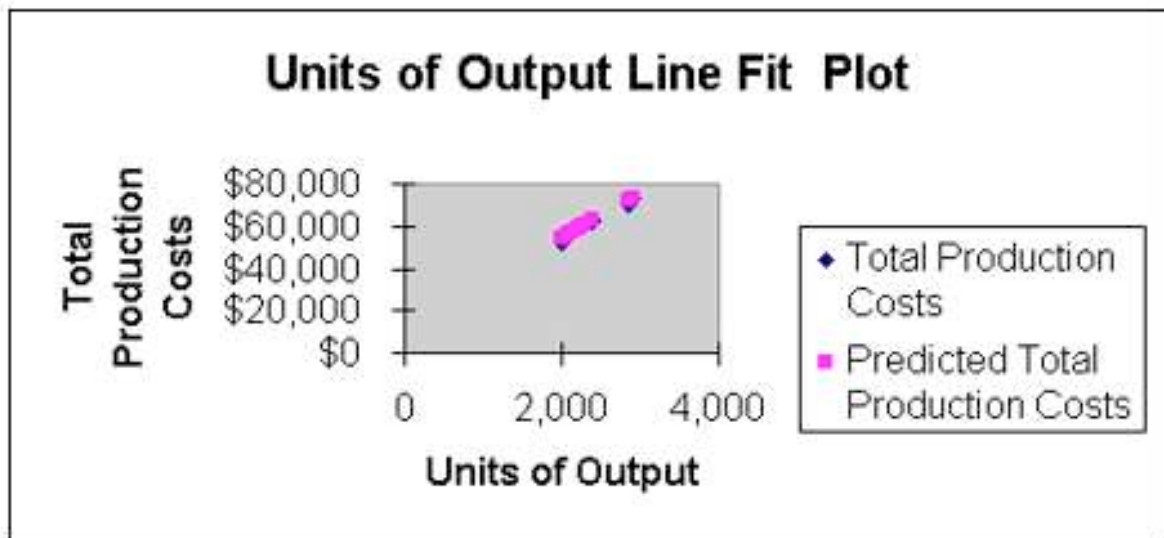
Residuals   The residuals in the Residual Output section show how each data point differs from the predicted point of the regression line. The smaller the residual value, the better your prediction.

RESIDUAL OUTPUT		
Observation	Predicted Total Production Costs	Residuals
1	54231.0711	-2231.071099
2	56326.63897	-1326.638966
3	58422.20683	1577.793167
4	62613.34257	-113.3425669
5	60517.7747	482.2253001
6	55278.85503	-278.8550323
7	59469.99077	530.0092336
8	72043.39797	-2043.397969
9	73091.1819	408.8180979
10	62613.34257	886.6574331
11	60517.7747	1982.2253
12	57374.4229	125.5771006

You may want to refer to a basic statistics book to learn more about linear regression and how to interpret the output, because there are many nuances.

Step 4: Use your regression output to help with budgeting activities

Assuming you have a strong correlation between your two variables, you now have enough information to estimate your future costs. To continue the example of a manufacturing company, the formula for total production costs can be expressed as follows:

- **Total Production Costs = Fixed Costs + (Variable Costs per Unit × Cost Driver Activity)**
- Use the rounded values of the Intercept coefficient ($12,320) and the Units of Output coefficient ($20.96) from the regression output to estimate your cost behavior:
- **Total Production Costs = $12,320 + ($20.96 × Cost Driver Activity)**
- This formula can now be used to estimate future costs during your budgeting process. For example, let's say that you expect to produce 2,500 units next month. This number is your cost driver activity. Your expected production costs would be as follows:
- **Total Production Costs = $12,320 + ($20.96 × 2,500) = $64,720**
- Use the linear regression function in Excel to help you better segregate fixed and variable costs. This Excel feature helps you develop an understanding of cost behavior and predict accurate future costs for budgeting and planning purposes.

2. Information Management

A database is a collection of information that's related to a particular subject or purpose, such as tracking customer orders or maintaining a music collection. If your

database isn't stored on a computer, or only parts of it are, you may be tracking information from a variety of sources that you're having to coordinate and organize yourself.

For example, suppose the phone numbers of your suppliers are stored in various locations: in a card file containing supplier phone numbers, in product information files in a file cabinet, and in a spreadsheet containing order information. If a supplier's phone number changes, you might have to update that information in all three places. In a database, however, you only have to update that information in one place — the supplier's phone number is automatically updated wherever you use it in the database.

Access database files

Using Microsoft Access, you can manage all your information from a single database file. Within the file, you can use:

1. Tables to store your data.
2. Queries to find and retrieve just the data you want.
3. Forms to view, add, and update data in tables.
4. Reports to analyze or print data in a specific layout.
5. Data access pages to view, update, or analyze the database's data from the Internet or an intranet.
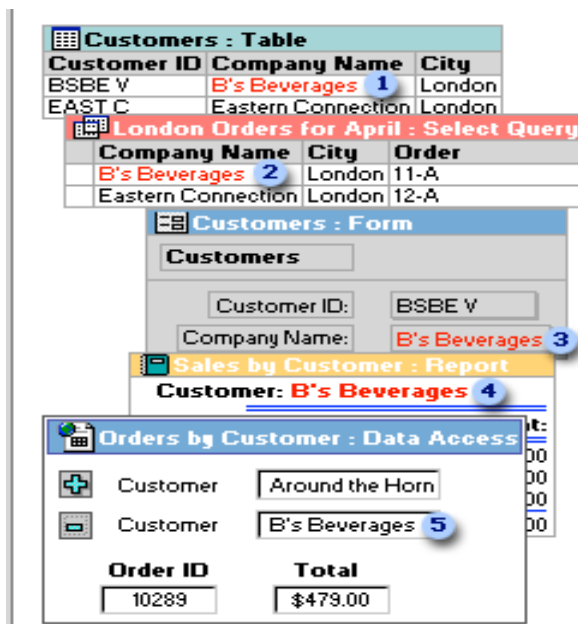
1. Store data once in one table, but view it from multiple locations. When you update the data, it's automatically updated everywhere it appears.
2. Display data in a query
3. Display data in a form
4. Display data in a report
5. Display data in a data access page

Tables and relationships

To store your data, create one table for each type of information that you track. To bring the data from multiple tables together in a query, form, report, or data access page, define relationships between the tables.
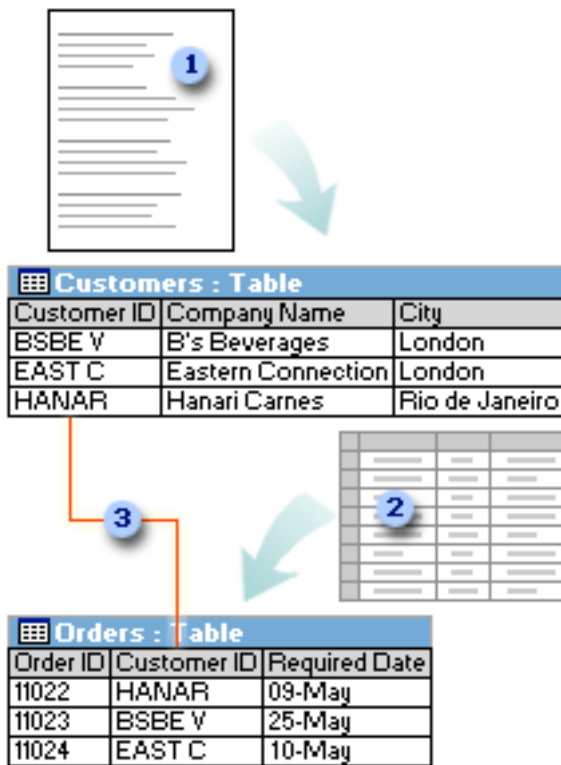
1. Customer information that once existed in a mailing list now resides in the Customers table.
2. Order information that once existed in a spreadsheet now resides in the Orders table.
3. A unique ID, such as a Customer ID, distinguishes one record from another within a table. By adding one table's unique ID field to another table and defining a relationship, Microsoft Access can match related records from both tables so that you can bring them together in a form, report, or query.

Queries
To find and retrieve just the data that meets conditions that you specify, including data from multiple tables, create a query. A query can also update or delete multiple records at the same time, and perform predefined or custom calculations on your data.

1. This query accesses separate tables to retrieve the Order ID, Required Date, Company Name, and City information for customers in London whose orders were required in April.

Forms

To easily view, enter, and change data directly in a table, create a form. When you open a form, Microsoft Access retrieves the data from one or more tables, and displays it on the screen with the layout you choose in the Form Wizard, or with the layout that you created on your own in Design view (Design view: A window that shows the design of these database objects: tables, queries, forms, reports, macros, and data access pages. In Design view, you can create new database objects and modify the design of existing ones.) .

1. A table displays many records at the same time, but you might have to scroll to see all of the data in a single record. Also, when viewing a table, you can't update

data from more than one table at the same time.

2. A form focuses on one record at a time, and it can display fields from more than one table. It can also display pictures and other objects.
3. A form can contain a button that prints, opens other objects, or otherwise automates tasks.

Reports

To analyze your data or present it a certain way in print, create a report. For example, you might print one report that groups data and calculates totals, and another report with different data formatted for printing mailing labels.
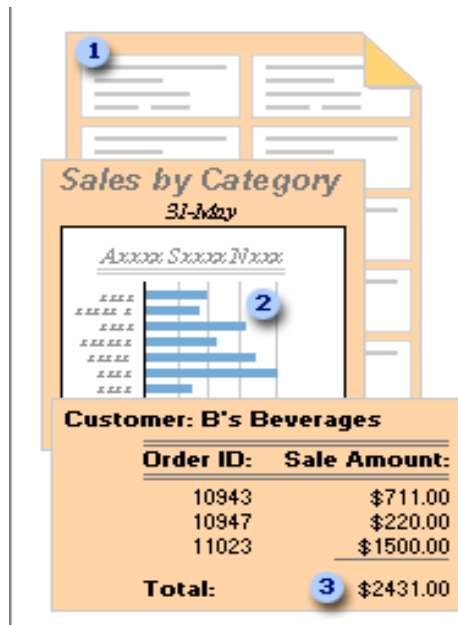
1. Use a report to create mailing labels.
2. Use a report to show totals in a chart.
3. Use a report to calculate totals.

Data access pages

To make data available on the Internet or an intranet for interactive reporting, data entry, or data analysis, use a data access page. Microsoft Access retrieves the data from one or more tables and displays it on the screen with the layout that you created on your own in Design view, or with the layout you chose in the Page Wizard.

Orders By Date
Click to expand indicator (+)
to see the records for each date.

⊞ **Order Date** | 02-Mar
⊞ **Order Date** | 03-Mar
① ⊟ **Order Date** | 04-Mar

Order ID	**Total**
10924	$1,835
10925	$475
10926	$514

|◁ ◁ Orders Totals 1 - 3 of 6 ▶ ▶|

③ |◁ ◁ Orders Totals - OrderDate 1 - 3 of 22

1. Click the expand indicator ..
2. .. to display the data and record navigation toolbar for the next level of detail.
3. Use the record navigation toolbars to move to, sort, and filter records, and to get Help.

3. Presenting with PowerPoint: 10 dos and don'ts

1. Hold up your end with compelling material.

In a way, PowerPoint's ease of use may be its own worst enemy. However simple and engaging it can be to build eye catching slides and graphics, bear in mind that PowerPoint isn't autonomous. The audience has come to hear you, not merely to stare at images tossed onto a screen. Build a strong PowerPoint program, but make sure that your spoken remarks are no less compelling. "PowerPoint doesn't give presentations — PowerPoint makes slides," says Matt Thornhill, president of Audience First, a Midlothian, Va., business that offers presentation training. "Remember that you are creating slides to support a spoken presentation."

2. Keep it simple.

We've all likely seen PowerPoint and other presentations where the speaker seemed ready to propose to the program. After all, it was clear that he fell in love with every wrinkle, special effect and other bit of gadgetry available. But the most effective PowerPoint presentations are simple — charts that are easy to understand, and graphics that reflect what the speaker is saying. Some authorities suggest no more than five words per line and no more than five lines per individual slide. "Don't gum up the works with too many words and graphics," Kerr says. "Do you really need to have everything up on the screen?"

3. Minimize numbers in slides.

PowerPoint's lure is the capacity to convey ideas and support a speaker's remarks in a concise manner. That's hard to do through a haze of numbers and statistics. For the most part, most effective PowerPoint displays don't overwhelm viewers with too many figures and numbers. Instead, leave those for a later, more thorough digestion in handouts distributed at presentation's end. If you want to emphasize a statistic in PowerPoint, consider using a graphic or image to convey the point. "For instance, when I once was talking about the prevalence of Alzheimer's patients, I used a photograph of an old woman rather than just throwing up a number on the screen," Kerr says.

4. Don't parrot PowerPoint.

One of the most prevalent and damaging habits of PowerPoint users is to simply read the visual presentation to the audience. Not only is that redundant — short of using the clicker, why are you even there? — but it makes even the most visually appealing presentation boring to the bone. PowerPoint works best with spoken remarks that augment and discuss, rather than mimic, what's on the screen. "Even with PowerPoint, you've got to make eye contact with your audience," says Roberta Prescott of The Prescott Group, a Connecticut-based communications consulting firm. "Those people didn't come to see the back of your head."

5. Time your remarks.

Another potential land mine is a speaker's comments that coincide precisely with the appearance of a fresh PowerPoint slide. That merely splits your audience's attention. A well-orchestrated PowerPoint program brings up a new slide, gives the audience a chance to read and digest it, then follows up with remarks that broaden and amplify what's on the screen. "It's an issue of timing," Kerr says. "Never talk on top of your slides."

6. Give it a rest.

Again, PowerPoint is most effective as a visual accompaniment to the spoken word. Experienced PowerPoint users aren't bashful about letting the screen go blank on occasion. Not only can that give your audience a visual break, it's also effective to focus attention on more verbally-focused give and take, such as a group discussion or question and answer session.

7. Use vibrant colors.

A striking contrast between words, graphics and the background can be very effective in conveying both a message and emotion.

8. Import other images and graphics.

Don't limit your presentation to what PowerPoint offers. Use outside images and graphics for variety and visual appeal, including video. "I often have one or two very short video clips in my presentations," says New York technology consultant Ramon Ray. "It helps with humor, conveys a message and loosens up the crowd."

9. Distribute handouts at the end — not during the presentation.

Some people may disagree with me here. But no speaker wants to be chatting to a crowd that's busy reading a summation of her remarks. Unless it is imperative that people follow a handout while you're presenting, wait until you're done to distribute them.

10. Edit ruthlessly before presenting.

Never lose the perspective of the audience. Once you're finished drafting your PowerPoint slides, assume you're just one of the folks listening to your remarks as you review them. If something is unappealing, distracting or confusing, edit ruthlessly. Chances are good your overall presentation will be the better for it.

4. About creating presentations

Creating a presentation in Microsoft PowerPoint involves starting with a basic design; adding new slides and content; choosing layouts (layout: The arrangement of elements, such as title and subtitle text, lists, pictures, tables, charts, AutoShapes, and movies, on a chart.) ; modifying slide design, if you want, by changing the color scheme (color scheme: A set of eight balanced colors that you can apply to slides, notes pages, or audience handouts. A color scheme consists of a background color, a color for lines and text, and six other colors selected to make slides easy to read.) or applying different design templates (design template: A file that contains the styles in a presentation, including the type and size of bullets and fonts; placeholder sizes and positions; background design and fill color schemes; and a slide master and optional title master.) ; and creating effects such as animated slide transitions. The information below focuses on the options available to you when you start the process.

The **New Presentation** task pane (task pane: A window within an Office application that provides commonly used commands. Its location and small size allow you to use these commands while still working on your files.) in PowerPoint gives you a range of ways with which to start creating a presentation. These include:

- **Blank**   Start with slides that have minimal design and no color applied to them.
- **Existing presentation**   Base your new presentation on one that you have already written and designed. This command creates a copy of an existing presentation so you can make the design or content changes you want for the new presentation.
- **Design template**   Base your presentation on a PowerPoint template that already has a design concept, fonts, and color scheme. In addition to the templates that come with PowerPoint, you can use one you created yourself.
- **Templates with suggested content**   Use the AutoContent Wizard to apply a design template that includes suggestions for text on your slides. You then type the text that you want.

- **A template on a Web site** Create a presentation using a template located on a Web site.
- **A template on Microsoft.com** Choose from additional PowerPoint templates in the Microsoft Office Template Gallery. These are arranged according to type of presentation.

12 Tips for Creating Better Presentation

1. You have a presentation to create. It's important. But, formatting diagrams can take forever and the text on your slides seems to have a mind of its own. Then, there's the sad fact that everybody's PowerPoint presentations look the same.

2. Sound about right? If so, I've got good news for you! Creating professional, unique presentations can be much easier than you might think.

3. This article will help you find the right tools to get exactly the presentation you want. We'll look at three components of creating effective presentations, and provide timesaving tips to help send your presentation off in style.

4. Clearly Communicate Your Information

5. Want slides that clearly communicate your most important points? You might be surprised at how little work it takes to go from basic to brilliant! PowerPoint provides a host of tools for keeping your slides consistent, precise, and professional.

6. Take a look at two versions of a basic bulleted text slide below. The text in both slides is identical. Which would you prefer to present?

7. It took just a couple of shapes and a bit of editing in the Slide Master to go from the slide on the left to the slide on the right.

8. Here are 4 ways to let Microsoft Office PowerPoint 2003 help you clearly communicate your information:

   a. Set up and use AutoLayouts. In PowerPoint 2003, you can select from over two dozen available layouts with a single click. Just open the Slide Layout task pane to view and access layouts for text and a variety of content. To open this task pane, on the Format menu click Slide Layout .
   b. You can also customize the positioning and appearance of all layouts at once, using the Slide Master. On the Slide Master, make a variety of formatting changes just once to affect all slides in your presentation.

   c. To access the Slide Master, on the View menu select Master and then click Slide Master . Once in Slide Master view, you can reformat the font,

bullets, and even the line spacing of text. (These options are all available in the Format menu.) Or, alter the size and positioning of AutoLayout areas—the areas of the master that control slide layouts for the active presentation.

d. Turn off (or manage) AutoCorrect layout options. PowerPoint 2003 provides several automatic formatting options to help your slides conform to the provided layouts. They can be big timesavers, but they can also be frustrating if you're not using them intentionally. If you don't want your bulleted text to shrink automatically in order to fit content, or the positioning of pasted objects to change automatically, you can easily turn off these features.

To turn off any AutoFormat options, on the Tools menu click AutoCorrect Options . Then, select the AutoFormat As You Type tab of that dialog box.
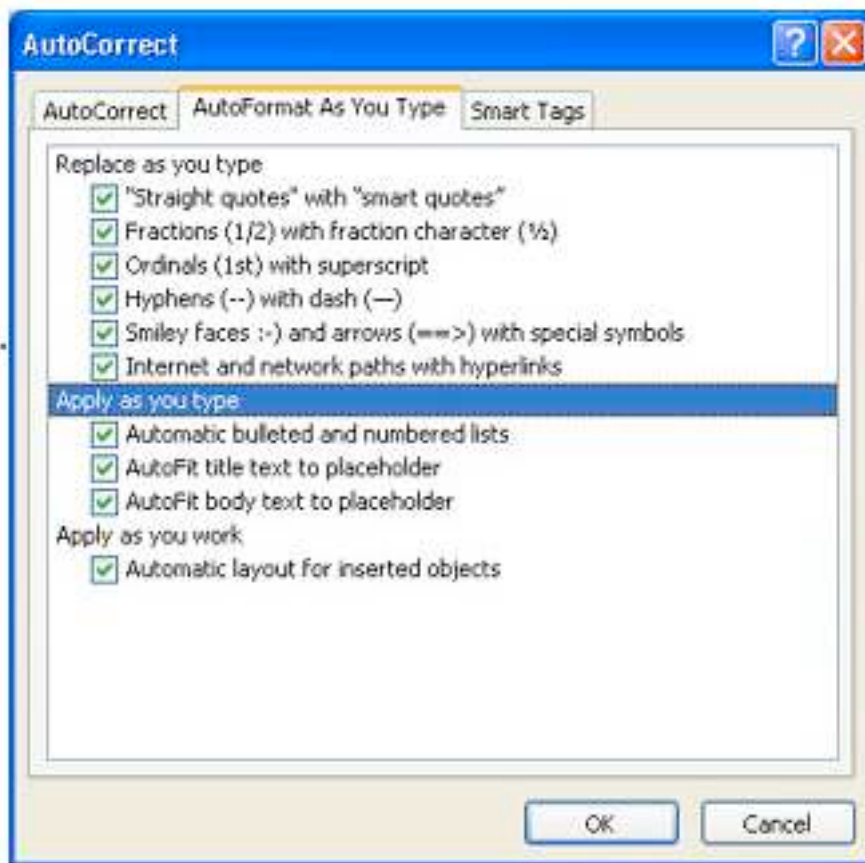
The bottom three options on the AutoFormat As You Type tab of the AutoCorrect dialog box control automatic formatting behavior for layouts.

9. Start by outlining your presentation in Word. Take time to outline your presentation before creating slides. Doing so can save time and help you give a more clear and effective presentation.
10. Try setting up your outline in Word, using paragraph styles Heading 1

through Heading 9. When you use those styles for your outline, you can create PowerPoint slides in just a click.

11. Consider differences for print vs. screen presentations. Presentations designed to be viewed on screen don't always work well when you print them. Dark backgrounds that look good on slides, for example, rarely print well. Similarly, footer content that you need in print is likely to be distracting on-screen. Fortunately, PowerPoint makes it easy to switch between print and screen presentation designs. Here are two features that can help:
    o PowerPoint provides color schemes that apply to different slide elements (such as text, lines, and object fills). You can format slides for print using one color scheme, then just click to apply a different scheme for on-screen use. All slide elements formatted with scheme colors will automatically swap to take on the new scheme.
    o Showing, hiding, and customizing header and footer content in PowerPoint can be a snap.
    o Grab the Viewer's Attention

The Microsoft Office Clip Art gallery offers a huge range of images. These can be great for many uses, but they might not be the most sophisticated way to emphasize your important idea.

Creating slides that get the viewer's attention is not about which pictures to include. It's about using the space on your slides effectively. Don't crowd your slides, and only include elements that contribute to the points you want to make. When you use graphics on a slide, choose images that serve a purpose (such as a chart or diagram that displays a direct benefit of your idea). Compare the two marketing slides below, for example.

12. The simple column chart in the slide on the right replaces two paragraphs of text, and makes a much stronger impression. Coordinating the chart colors with the slide design was automatic.

Check out 4 ways to help grab and keep your viewer's attention.

1. Use sound recordings when sending a presentation electronically. A clean slide that emphasizes key points is more effective than a slide that contains every word you intend to say. But, what do you do if you're sending your presentation electronically? Consider recording narration to accompany your slides.
    o To record narration for a presentation, on the Slide Show menu click Record Narration .
    o To record sound for a single slide, on the Insert menu select Movies and Sounds and then click Record Sounds .

2. Use Notes and Handouts to help you stay on track or to create quick and easy leave-behinds for your viewers. Use the Notes pane that appears below the slide in Normal view to write notes to yourself for your presentation, or to create notes that you can print for your viewers. You can also format and print handouts that contain up to nine slides per page.

3. Create charts and diagrams that emphasize your key points. To chart data in PowerPoint, start by clicking the Insert Chart icon on any Content slide layout, as show here:

   The Insert Chart icon is circled in red.

   o When you click the Insert Chart icon, you'll get a default chart that's a snap to customize and a data worksheet that's easy to edit.
   o The Insert Diagram or Organization Chart tool (available from the Drawing toolbar) is a nice way to create quick and easy flowcharts. However, I find that using AutoShapes to create any type of diagram or flowchart can provide much more flexibility without much more work. See the section of this article below for information on the available tools for creating flawless presentation graphics.
4. Use animation and slide transitions consistently and sparingly. Having text and graphics appear on-screen just when you need them can be a nice touch. However, using too much animation can distract from your presentation's content.
   o For effects that emphasize without overwhelming, limit animation to key points and use consistent animation choices throughout the presentation. Open the Custom Animation task pane (available on the Slide Show menu) to apply and manage animation.
   o Subtle and consistent slide transitions can also provide a professional touch without being distracting. Use the Slide Transition task pane (available from the Slide Show menu) to format and apply slide transitions. Learn about using slide transitions and timings. Stay in Control of Your Presentations

Custom colors, layouts, and graphics can do a lot for your presentation. But a misaligned flowchart, or a presentation that crashes on your client's computer, isn't likely to make the impression you want. For example, take a look at the two organization chart images below. Which would you prefer to call your own?

Nudging and fussing to create the organization chart on the left took about an hour, and it's far from perfect. Using available PowerPoint tools for duplicating and alignment, the chart on the right took just 10 minutes to create.

Here are 4 ways to keep your presentations both great-looking and easy-to-manage.

1. Keep file size manageable. A common cause of stress with PowerPoint presentations is that the file size becomes too large to edit or to run presentation smoothly. Fortunately, this problem is easy to avoid by using smaller picture file types, compressing pictures, and using native PowerPoint features whenever possible (such as tables, charts, and AutoShapes) instead of embedding and importing objects.

2. Use the available tools for creating perfect diagrams. One of the nicest things about PowerPoint is that getting something perfect is easier than getting it close.
   o Instead of nudging objects until your eyes get tired, use the Align Or Distribute tools. They can help you perfectly align and evenly distribute objects in a click. To access these tools, select Align or Distribute from the Draw menu, which is available on the Drawing toolbar.

   o You can also use Guides to align and space objects. Guides can help you measure distance and keep positioning of elements consistent across multiple slides. To see your Guides, on the View Menu select Grid and Guides . Then, in the Grid and Guides dialog box, select Display drawing guides on screen.
   o Zooming in on an object in PowerPoint can greatly increase the accuracy of what you see. To do this without trial and error, just select the object before changing the Zoom setting on the Standard toolbar.

3. Know exactly what the recipient of your presentation will see. If you're sending a presentation by e-mail, try saving the presentation as a Slide Show so that it automatically opens for the recipient in slide show view. To do this, on the File menu click Save As . In the Save As dialog box, select PowerPoint Show (.pps) from the Save As Type dropdown list, as you see here:
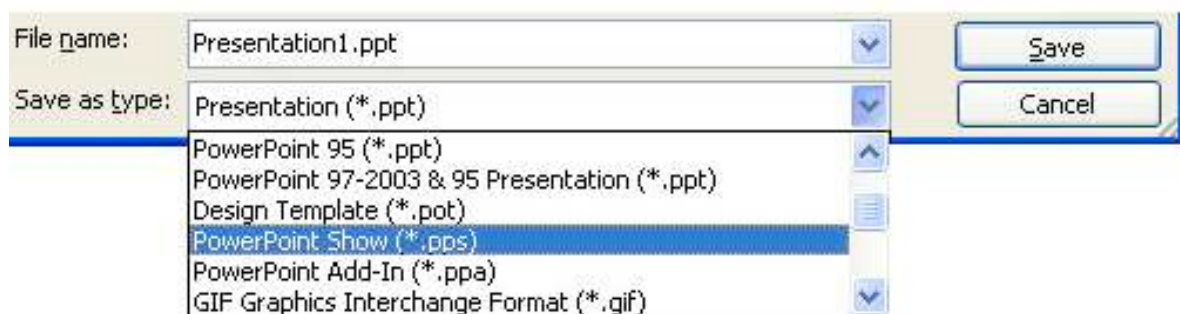
This screenshot shows how to use save your presentation as a slide show.

If you're sending a presentation on CD, the Package for CD feature in PowerPoint 2003/2007 is a great time and stress-saver. This feature will set up your

presentation (including linked files) on a CD so that the slide show will run correctly for any recipient. It even adds a PowerPoint viewer so that the recipient's computer doesn't need PowerPoint to run the show.

5. Using Template to Create Presentations

- Use Masters for consistency and to save time. In addition to customizing elements of slide layouts (as discussed earlier in this article), you can use the masters to save time and keep slides consistent by adding graphics and formatting just once for all slides.
- Place graphics (such as your logo) on the Slide Master, so that they automatically appear on all slides. Note that, when graphics appear on the master, you can still hide them for just certain slides. To hide graphics for an active or selected slide, on the Format menu click Background . Then, in the Background dialog box, select Omit background graphics from master .
- You can add a Title Master to use different formatting and graphics on title slides from other slides in your presentation. To do this, switch to Slide Master View . Then, select New Title Master from the Insert menu.
- While a great new feature in PowerPoint enables you to create multiple slide masters for a single presentation, use this feature carefully. Keep in mind that the purpose of a master is to help keep your slides consistent

About design templates

Microsoft PowerPoint provides design templates (design template: A file that contains the styles in a presentation, including the type and size of bullets and fonts; placeholder sizes and positions; background design and fill color schemes; and a slide master and optional title master.) that you can apply to a presentation to give it a fully designed, professional look.
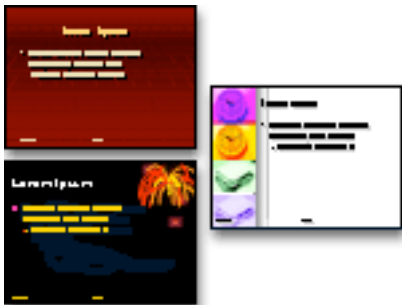
PowerPoint design templates

Using the **Slide Design** task pane (task pane: A window within an Office application that provides commonly used commands. Its location and small size allow you to use these commands while still working on your files.) , you can preview and apply a design template to your presentation. The template can be

applied to all slides or selected slides, and you can apply more than one type of design template in a single presentation.

Whenever you apply a design template, a slide master (slide master: The slide that stores information about the design template applied, including font styles, placeholder sizes and positions, background design, and color schemes.) for that template is added to your presentation. If you apply a different template to all your slides, the old slide master is replaced by the master in the new template.

You can save any presentation you've created as a new design template, and it will be available in the **Slide Design** task pane.

Other types of templates

Content templates   A content template (content template: A design template that also contains text suggestions on each slide. You replace the text suggestions with the text that you want. A content template contains a slide master and an optional title master.) has all the elements of a design template plus a suggested outline for the presentation. You apply a content template when you first create a presentation, through the **AutoContent Wizard** .
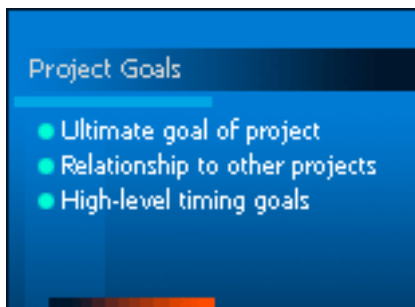
One slide in a content template with suggestions for bullet points

You can create your own content templates and add them to th**e AutoContent Wizar**d **.**

Templates from Web sites   Your team might always use a template that's stored on a Web site. You can access such files from within PowerPoint**.**

Templates on Microsoft.com   Choose from additional PowerPoint templates available from Microsoft Office Online in the Templates area of Microsoft Office Template Gallery. The templates are arranged according to type of presentation.

6. Planning Corporate Meetings

6 Ways to Work More Effectively on a Virtual Team

Who hasn't awakened a colleague from a deep sleep with a mistimed telephone

query, wished for a quick in-person chat to resolve a sticky problem with a co-worker who's forever on the move, or didn't know where to find a critical file owned by someone half a world away?

These and other problems are commonplace for those who work on teams in other parts of the city, country, or the world. Frequent travel—exhausting and expensive—can't be the day-to-day solution.

So, while you've probably solved the time zone problem by checking the Web for local time before you make a call, the following suggestions might help solve some of the other problems of working with others a world away.

On This Page

1. Use Instant Messaging for Quick Impromptu Meetings
2. Use a Virtual Conference Room for More Formal Meetings
3. Keep Your Meetings Organized
4. Set Up a Virtual Water Cooler
5. Review Edits of Co-Workers, No Matter Where They Are
6. Stay in Touch: Use a PDA to Keep Your Important Data With You

1. Use Instant Messaging for Quick Impromptu Meetings

One tool that's often overlooked when working with virtual teams and remote co-workers is instant messaging (IM). It's a great tool for a quick answer or opinion. Once you add your teammates to your contact list, the IM program, such as Windows Messenger or MSN Messenger, will let you know when they're online. You can also message a team member's cell phone, such as the Microsoft Windows Mobile-based Smartphone.

Most programs also allow a multi-person chat, making instant messages a great way to conduct a spontaneous meeting. Unlike e-mail, everyone sees the messages and can respond simultaneously—even "talking" all at once—adding a touch of closeness for far-flung team members. Some of these programs also enable you and your team to exchange files, use a whiteboard—even see each other if you each have a Webcam.

What you need to get going: Everyone can download either Windows Messenger or MSN Messenger , both Microsoft products. The one downside of instant messaging is that it often only works if everyone is using the same program and system.

2. Use a Virtual Conference Room for More Formal Meetings

Web-based conferencing makes it possible to brainstorm, make a slide presentation, have a staff meeting, or conduct training sessions with a group of people who are thousands of miles apart. Everyone attending sees the same information at the

same time, as if they were gathered around one table. These programs, such as Microsoft Office Live Meeting, also enable you to share files (not just prepared slides), use digital whiteboards—even save the presentation so people who couldn't attend the meeting can watch it later. Most services charge on a monthly or per user/per minute basis.
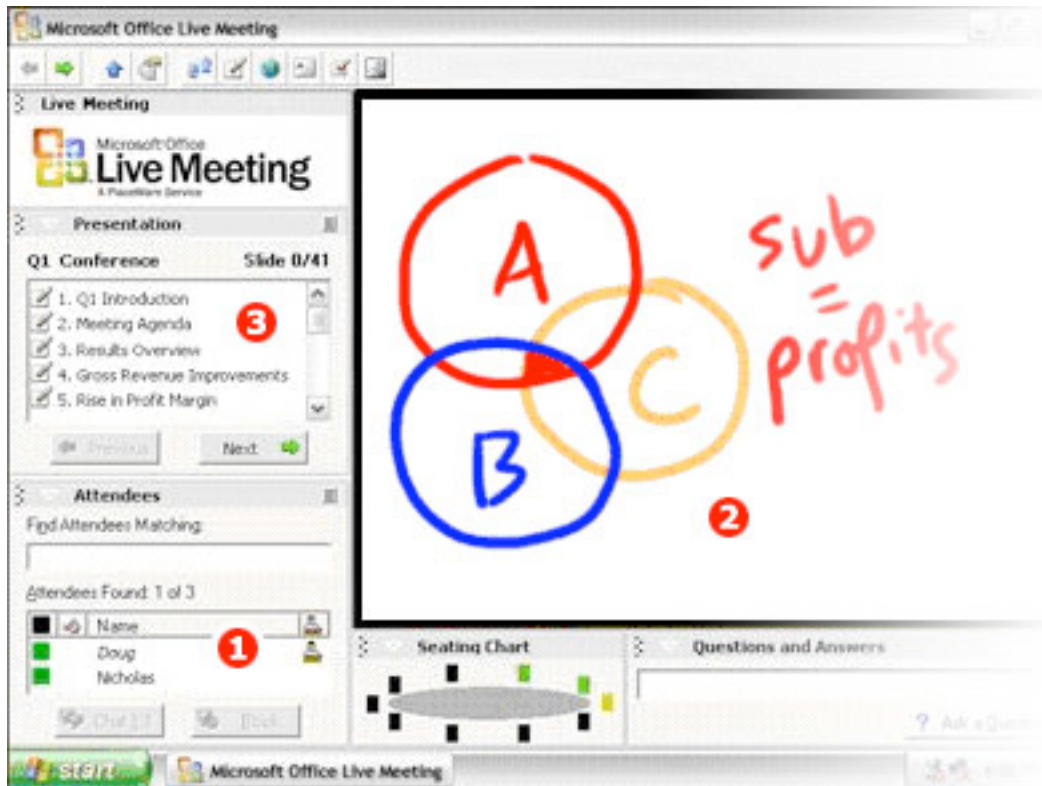
1. Green boxes indicate who is attending the meeting.
2. You can make notes using a digital whiteboard.
3. Your agenda goes here.

What you need to get going: With Live Meeting you just need a telephone and a PC with a Web connection. Get more information about Microsoft Office Live Meeting .

3. Keep Your Meetings Organized

What's the agenda for today's meeting, and where are the documents you need to review? What did you decide at last week's meeting? There's an alternative to scrambling through e-mail messages, attachments, and your file system to find the answers—a Meeting Workspace provides a central place on the Web for all this information. It's easy to set up: you create the site within an Outlook meeting request.

Then, before a meeting, use it to send a meeting invitation to those attending and include a link to the workspace where those invited can see the agenda and

find the documents you plan to discuss. Conduct the meeting as you would ordinarily whether in person, over the phone, or using a conferencing program, such as Live Meeting. Then use a Meeting Workspace to publish the meeting results and track tasks.

What you need to get going: Everyone on the team needs Microsoft Office Outlook 2003, a Microsoft Exchange Server e-mail account, and access to a SharePoint Services site. Talk to your IT administrator to find out what your company has set up. Get the details on how to use and set up a Meeting Workspace .

4. Set Up a Virtual Water Cooler

Set up a Web site for everyone on your team to share information such as calendars, to-do lists, and reports, as well as poll team members on an upcoming decision or hold newsgroup-style discussions. With a Windows SharePoint Services site, you can control access to team documents, keeping track of versions and updates. As teammates add or delete documents, links are automatically updated so the content is always current. You can also personalize the display of information to a certain extent—for example, hide information that doesn't interest you or change the order in which the information is listed.

What you need to get going: Everyone on the team needs to have access to a SharePoint Services site. Get more detail on the benefits of using a SharePoint site or take advantage of the free trial version .

Note You can also set up a SharePoint site (and the Meeting Workspace mentioned above) using Microsoft Office SharePoint Portal Server

5. Review Edits of Co-Workers, No Matter Where They Are

When you can't pore over a document together, the ability to track the changes you and your teammates make is a boon to collaboration. Microsoft Office Word, Microsoft Office Excel, and Microsoft Office PowerPoint all enable you to track the changes you make, although the capabilities in Word are the most powerful.

You can also accept or reject proposed changes, and when it's time to distribute the document, you can set Word to hide all revisions. For a more final version, you can accept all the changes to make sure that no stray revision marks or comments remain in the document you plan to distribute.

- **Only share your primary e-mail address with people you know.** Avoid listing your e-mail address in large Internet directories and job-posting Web sites. Don't even post it on your own Web site (unless ...

  Comment [MC1]: "Should we add mention of chat rooms here, too?"

  wguy, 1/28/2005 10:33:00 AM deleted: you

- **Set up an e-mail address dedic...** ...sider using a free e-mail service to help you keep your primary e-mail address private. When you get too much spam there, simply drop it for a new one.

  Comment [CB2]: Reviewers: Do you want to expand on this point?

1. Word automatically color-codes the edits and comments of each person. (You can display the comments of any one reviewer or all reviewers.) 2. Word tags edits with the reviewer's initials as well as the date and time of each change.

What you need to get going: Learn how to track changes in Word with three self-paced lessons and two hands-on practice sessions. When you're done, take away a Quick Reference Card to help you work on your own. You can also find out how to track changes in Excel and track changes in PowerPoint .

6. Stay in Touch: Use a PDA to Keep Your Important Data With You

One challenge to long-distance collaboration is making sure you have on hand all the documents you need to contribute to a conference call or online meeting. This is even more difficult when you're away from your desk. Consider solving part of the problem with a mobile device such as a Smartphone or a Pocket PC. You can easily keep information on your mobile device synchronized with your desktop or notebook computer so you always have the latest information with you. Read more about Windows mobile devices .

What you need to get going: Browse the devices available on Windows Mobile and talk with your IT department about their recommendations. If you use a Windows Mobile-based device, you'll have all you need to keep your computer and mobile device in sync. However, you may want to take advantage of the latest version of ActiveSync , the software that makes synchronization possible.

7. Collaborate with confidence

Working together as a team is crucial to success in the workplace, and good teamwork doesn't happen by accident. Coordinating the efforts of many people takes planning and foresight. This is as true for collaborating on documents as it is for any other aspect of teamwork.

Collaborating on documents

Document collaboration is a fact of life in today's workplace. For example, to create a new employee manual, a human resources manager might need input from the legal department, a vice president, and department managers. The manager might also need to have an administrative assistant send the finished product through the revision process.

In another example, a lawyer gathering information for a bankruptcy estate filing might need information from government agencies, creditors, and the client. The documents must be reviewed by the appropriate people, and then the filing must be prepared, documented, and filed.

The pitfalls

If you work with other people on documents, you probably see what can go wrong in the process. For example:

- Multiple versions of a document floating around, creating redundancy and extra work.
- Confusion about task ownership. For example, one team member might waste time researching an issue that another has already covered.
- Overlooked comments and input when a document is passed around.
- Wasted time compiling comments from multiple copies of a document.

Some collaboration options

To solve these problems and bring efficiency to your projects, you have several collaboration methods to consider:

- **Hard copy (paper documents**)   In spite of hopes about a "paperless workplace," most of us rely on paper documents at some point. It's straightforward enough — you give the document to a team member who marks it up or attaches comments and passes it on. No software training is required, and if you stick to one copy or file folder, it should be easy to keep everyone's comments together. On the other hand, paper documents can get misplaced. They're not convenient if only some of the team members work in the same office and if team members can't see comments as the comments are added.

- **E-mail messages or attachments**   When you need quick feedback, an e-mail message is one way to go. E-mail gets most people's attention, and they can reply just to you or to the entire group. If you want input on a longer or more formal document, you can send a Microsoft Office Word 2003 document as an attachment. If you use the tracking and reviewing features in Word, you can see who made which changes and when they were made.

- **The Meeting Workspace feature in Microsoft Office Outlook® 2003**   Meeting Workspace provides a convenient, centralized place where your team can work together on a project. It's also a great place to store everything that pertains to a project. You can post meeting agendas and minutes, record decisions, track tasks, and more. You always have the latest version, and you don't have to send large files through e-mail.

Improving the process

How can you improve the quality and efficiency of your team's document collaboration method? Here are some lessons that people have learned —

sometimes the hard way.

Periodically evaluate your collaboration process

It pays to step back and evaluate your current collaboration process. What's going right? What needs improvement?

For example, on your last project:

- o Did team members participate in the process?
- o Were conflicts or differences of opinion resolved satisfactorily?
- o Did one person end up doing all the work?

You might want to ask your co-workers what types of problems the group had with document collaboration. Analyzing a problem that seems like a fluke, such as someone revising a document from the wrong folder, can help you find process steps that can be improved to prevent the same problem next time. Teamwork doesn't get better because people grit their teeth and try harder — teamwork improves when better processes are put into place.

Designate a project leader

Every project or document needs an owner. Otherwise, the document might not accomplish its objective. For example, someone posts a spreadsheet on an intranet site and everyone is instructed to keep it up to date. Two months later, only a few people are entering information, and a month after that, even they aren't sure whether they're supposed to. Because the document has no owner, they don't even know who to ask.

Make it clear who owns each document or project. A hard copy (paper document) or a Word file can have a heading that identifies its owner. If you use the Meeting Workspace feature in Outlook 2003, you can identify the owner in the document library. (A document library is a folder where a collection of files is shared and the files often use the same template. Each file in a library is associated with user-defined information that is displayed in the content listing for that library.)

Let people know what's expected of them — and when

The first thing that the leader needs to do is get commitment from the group. If you send an assignment — even with a specified deadline — don't assume it's become anyone's priority unless they've confirmed it. Team members might be facing a killer deadline that puts your document low on the priority list. When you establish and confirm expectations and a deadline, you're much more likely to get timely input.

Hard copy or an attached Word file can have a heading with roles, expectations, and deadlines. A Meeting Workspace keeps all this information in one place and always accessible to everyone on the team.

Stay on top of version control

If you ever spent hours revising the wrong document, you know the frustration — and waste — that poor version control can lead to. And there are a lot of opportunities for ending up with the wrong file. Before you pass a file around, set some ground rules.

For example, if you're sharing a document through e-mail, set rules for how to use the **To** line and the **Cc** line, and make sure everyone on the team understands when to use **Reply** or **Reply to All** .

If you're passing around a Word document, protect the document from unauthorized changes and from having the Track Changes feature turned off. You can also require everyone who reviews or changes a document to add their name, the date, and a version number to a header or footer in the document.

Version control is one of the strongest arguments for storing documents online. When you store a document in a Meeting Workspace, everyone on the team can always see the latest version. Any team member can check it out, make changes, and check it back in. You can see who has it checked out and who's made changes, plus you can look at the document history and see old versions at any time.

Learn to resolve conflict

As they say, if two or more people always agree, somebody's fibbing. Entire books have been written about reaching consensus, but a few basic rules can help.

Management must set the standard for how conflicts are handled. Sometimes one person can be the tie-breaker; in other cases, the group can vote. In all cases, subject matter experts such as editors and legal counsel need to have the last word in their areas.

- **Encourage communication and** participation   Heavy-handed methods can help you reach a so-called consensus quickly, but they defeat the purpose of a team — using the diverse skill sets and backgrounds of team members. Make sure that your conflict resolution methods encourage communication and participation, not artificial consensus.
- **Acknowledge opinions and share reasoning**   For example, if you send hard copy around for comments, someone — usually the owner of the document or project — must compile the results. Depending on the project, this person might need to respond to each concern and comment, or they might be able to make the call without further input. Even when the document owner has the authority to make the final decisions, however, it's important to understand everyone's concerns and document how decisions were made.
- **Keep a record of the project progress**   If you use e-mail to do your

collaboration, you can send messages (with or without attached documents) back and forth until all issues are resolved. You can save the e-mail string as a record of the decisions that were made along the way. Comments and changes within the document also leave a good record of everyone's input. Be sure to save a copy with the comments and changes as a record, and then remove all tracked changes and comments before you publish the document. Meeting Workspace gives you a place to keep a collection of documents, plus other information such as background research, prior versions of documents, team member names and contact information, and notices about upcoming meetings.

Keep your process flexible

Not everything can be resolved effectively within a document — whether it be in hard copy, in an e-mail message, or posted online. Sometimes, you have to pick up the phone, walk down the hall, or schedule a meeting.

Reaping the rewards

By combining the strengths of individuals, your team working together can accomplish more than any of you could on your own. By combining personal and organizational skills with the right technology, you can effectively collaborate on documents and reap the rewards of successful teamwork.

8. Communicate better using Meeting Workspaces

When you're faced with the challenge of managing multiple projects and tasks, team meetings can help you be more productive both as a communicator and as a leader. But efficient, productive team meetings don't happen by accident. Organizing a meeting is a lot like organizing a project: You need the right people and processes in place to make it successful.

Because meetings are instrumental in getting team members on the same page and encouraging decision making, you want to make the most of them. If you're serious about creating a meeting environment in which the participants are well-informed, deliverables are assigned, and progress is communicated, consider using the Meeting Workspaces feature in Microsoft Office Outlook® 2003.

What is a Meeting Workspace?

A Meeting Workspace is a unique type of Web site created using Microsoft Windows® SharePoint™ Services in collaboration with Outlook. You don't actually run the meeting in the workspace, rather you create a workspace to organize and communicate the contents of a meeting. A workspace can contain agendas, meeting notes, relevant documents, and the names and contact information for all participants. A workspace also enables you to store important information in a

central location so that you can track deliverables and decisions, keep your own team up to date, and maintain a record of the meeting that everyone involved in the project can refer to.

For details about how Meeting Workspaces can help you to improve communication within the project team, see the Office Online article called About Meeting Workspaces.

Requirements

The Meeting Workspace feature in Outlook requires the following:

- Outlook 2007.
- A Microsoft Exchange Server e-mail account.
- Access rights to a parent Windows SharePoint Services site or a Microsoft Office SharePoint Portal Server Web site under which the Meeting Workspace will be a subsite.

For more information about these requirements, contact your organization's administrator.

Leading team meetings just got easier

Before you schedule a meeting, consider the following practices for setting it up:

- Determine whether a sit-down meeting is the best way to communicate, deliver, or decide on the information.
- If appropriate, secure a meeting room.
- Establish when to meet and for how long.
- Decide who should participate in the meeting.
- Prepare a detailed meeting agenda, if required.
- Determine in advance what the goals of the meeting are.
- Decide which action items need to be assigned in the meeting.
- Plan for you or one of the other participants to take notes.

When you have assembled this information, create a meeting request in Outlook. For example, to start a meeting request, open the Outlook Calendar, and then click Meeting Request on the New toolbar menu.
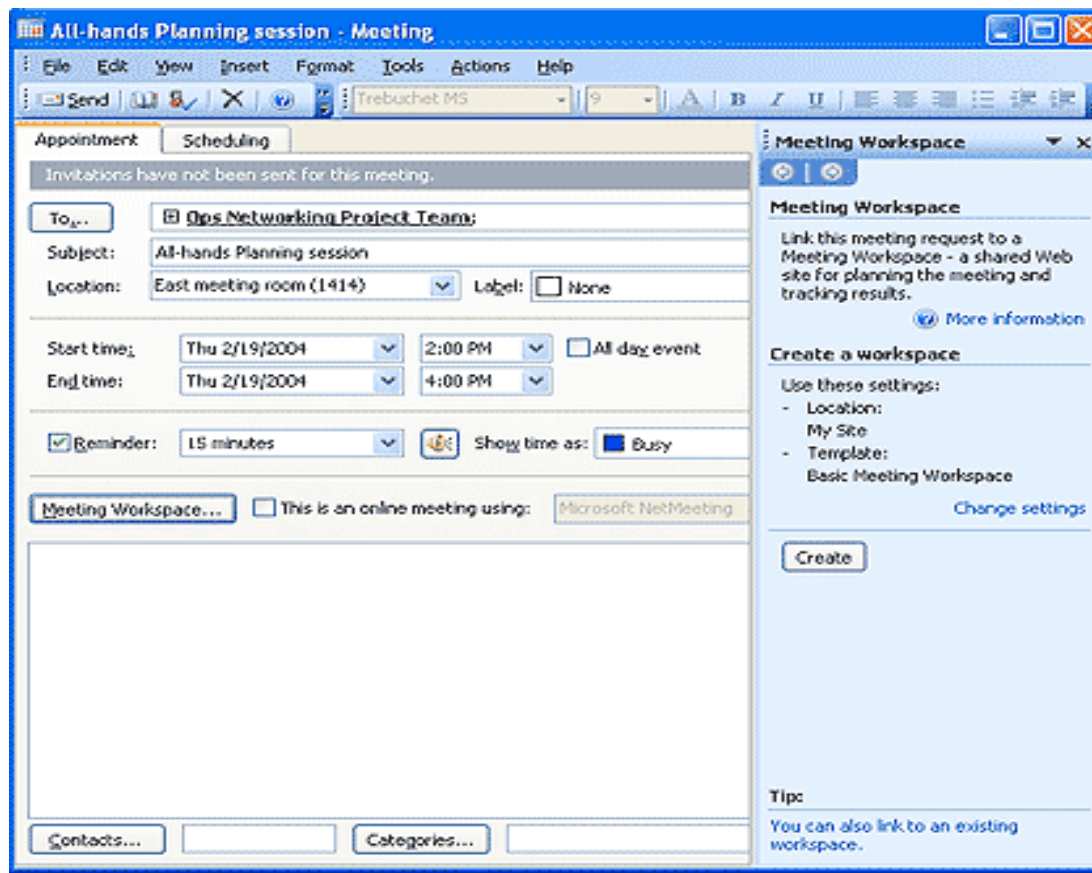
Enter the required information (attendees, meeting room, and time) in the meeting request, but before sending it out, click **Meeting Workspace** to create a shared, centralized site for the project team. In the **Meeting Workspace** pane on the right, click **Create**

Next, add any information or documentation you want your team to have access to through this site, and then send the meeting request. Each recipient of the meeting request will receive an invitation to view the Meeting Workspace you created for this meeting.

> Meeting Workspace: All-hands Planning session
> Visit the workspace to learn more about this meeting or edit its contents.

For detailed information about creating Meeting Workspaces, see the Office Online article called Keep it together with a Meeting Workspace in the See Also section of this article.

Let Meeting Workspaces help carry the weight

When the meeting is over, the real work usually begins. Use your Meeting Workspace to help you relay the decisions that were made in the meeting and the milestones each team member must meet. For example:

- Create the meeting notes, and upload them to the Meeting Workspace for this meeting.
- Follow up with team members who have action items from the meeting.
- Communicate specific results to the participants.
- Store and share documents on the workspace site so that other team members can access the relevant information.
- Make project announcements.

- Store future meeting summaries.

If necessary, remind the meeting attendees of the Meeting Workspace location.

PART 3. ADMINISTRATION

1. Equipment Inventory List

EQUIPMENT INVENTORY LIST																
Physical Condition						**Financial Status**										
Asset or serial number	Item description (make and model)	Location	Condition	Vendor	Years of service left	Initial value	Down payment	Date purchased or leased	Loan term in years	Loan rate	Monthly payment	Monthly operating costs	Total monthly cost	Expected value at end of loan term	Annual straight line depreciation	Monthly straight line depreciation	Current value
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2. Set up a new desktop computer

Adapted from Ed Bott's Your New PC: Seven Easy Steps to Help You Get Started!

When you set up a new desktop computer, some assembly is required. And computer setup isn't limited to hardware — when you first turn on a new computer that has Microsoft Windows preinstalled, you need to perform some simple setup tasks. Follow these steps to set up a new desktop computer:

- Connect the hardware.
- Run Windows Setup.

If the new computer is a standard desktop model, it consists of at least four pieces: a central processing unit (CPU), which is the box that contains the computer's processor, memory, disk drives, and ports for connecting external devices; a monitor; a keyboard; and a mouse. There might also be a pair of external speakers.

Turn the CPU around. The back of the CPU has a collection of ports and jacks that looks something like this illustration, although they might be arranged differently.
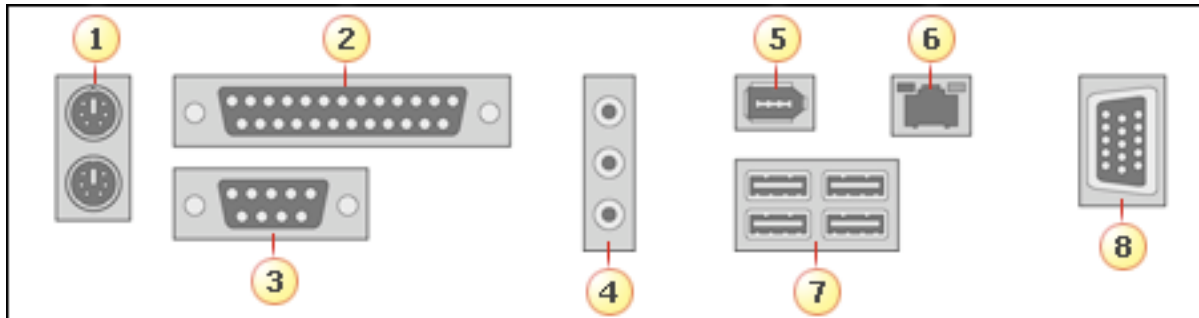
- o No.1: Keyboard and mouse.
- o No.2: Parallel.
- o No.3: Serial
- o No.4: Speaker/microphone
- o No. 5: IEEE 1394 (FireWire)
- o No. 6: Network jack
- o No. 7: USB
- o No. 8: Display adapter

To connect the computer hardware, follow these steps:

1. Connect the keyboard and mouse. If the connector on the cord that is attached to the keyboard or mouse is round, plug the cord into a matching port on the back of the computer, like the keyboard and mouse ports shown in the illustration. If the connector on the cord is flat, plug it into any available USB port, like those shown at bottom right in the illustration. Both types of connectors are designed so that you can't plug them in the wrong way.

2. Tip. If the computer uses a cordless mouse or cordless keyboard, follow the manufacturer's instructions to connect it to the computer.

3. Attach the monitor to the display adapter. Most monitors use a standard analog cable with a 15-pin connector that plugs into a matching port. Some specialized monitors use digital connectors, which require a matching digital display adapter and a custom cable.

4. Connect the speakers to the computer's audio output. The connector for stereo speakers is typically color-coded lime green. If the computer comes with a surround sound system, check the computer manual to find out where to plug in the center and back speakers. If the speaker cables have connectors that don't match the ports on the CPU, you might need to buy an adapter cable.

5. Connect the CPU to an AC power source. Look for the thick power cord that comes with your computer. Plug the female end into the power supply on the back of the computer (not shown in the illustration), and plug the male end into a wall socket. If there is a surge protector or an uninterruptible power

supply connected to the AC power source, plug the CPU power cord into that power source instead.

6. Connect the monitor to an AC power source. Press the power switch on the monitor to turn it on.

7. Press the power switch on the front of the computer. Soon after the computer turns on, a series of status messages appears on the monitor, the last of which is the Windows desktop or the Windows logon screen.

You're now ready to perform some simple Windows Setup tasks.

Run Windows Setup

The first time you turn on the computer, you must run Windows Setup. You can't skip this step, but you can go through it pretty quickly. Each screen asks you a question or allows you to select an option. The exact sequence of questions may vary, depending on how the computer maker assembled your computer.

Here's a list of what you can expect to accomplish as you complete Windows Setup:

- **Accept the End-User License Agreement (EULA)**. This legal agreement between the computer user, the computer maker, and Microsoft sets forth the user's legal rights to use the software. If you're setting up this computer for another user, you can accept the EULA without reading it.
- **Enter the computer user's name and company name**
- **Choose region, language, and keyboard settings**.The region and language settings tell Windows what language you want it to use for menus and dialog boxes. You can also specify whether the keyboard is not for use in the United States. Western European keyboards, for instance, offer keys and combinations that you can use to type accented characters more easily. If you're in the United States, you most likely want to accept the defaults.
- **Select a time zone**.Scroll through the list, and find the closest major city that's in your time zone. If your part of the world does not observe daylight saving time, make sure the Automatically adjust clock for daylight saving changes check box is clear.
- **Give the computer a name**.The name that you type here is what other users see when you share your files or printers with them over a network. When naming the computer, don't use the user name; if you do, Windows may get confused later if you try to set up a network. If you don't feel creative, Windows creates a random computer name for you.
- **Activate and/or register the computer's copy of Windows with Microsoft**. This step is optional, but it is very helpful if you plan to set up Internet access.
- **Set up a user account** By default, Windows XP creates an account called Administrator (or Owner, if you're using Windows XP Home Edition). The purpose of this account, as you might guess from the name, is to perform administrative tasks. Set up an account by entering the computer user's first

name.

When you complete Windows Setup, click **Finish**. The computer restarts. On the Welcome screen, click the name of the user account that you just created to continue to the Windows desktop.

3. Set up user accounts

Adapted from Ed Bott's Your New PC: Seven Easy Steps to Help You Get Started!

In some offices, more than one person uses the same computer. Every person who uses a computer should have a unique user account that is accessed with a private password. Each computer user can then view private files and e-mail, or personalize the desktop with favorite colors and photos. Of course, the best reason to set up individual user accounts is security.

As an administrative assistant, you might have the job of setting up user accounts on a computer. This task might include establishing an account for yourself on that computer so that you can install new software or perform other administrative tasks. Follow these steps to set up user accounts and create passwords on a computer.

Create a user account
You can use Microsoft Windows XP to set up two types of accounts:

- Computer administrator This account gives the user full rights and privileges on the computer. The user can install programs, manage files and folders, create new accounts, or change existing ones. If you regularly need to perform software upgrades or other administrative chores on a computer, you probably want to create this type of account for yourself.
- Limited This account permits a user to run programs that are already installed on the computer and to make some changes to a personal user account. But the user can't install new programs, access files belonging to other users, or change other user accounts.

Here's how to create a new user account:
1. Click **Start**, and then click **Control Panel**.
2. Double-click **User Accounts**.
3. In the **User Accounts** dialog box, click **Create a new account**.
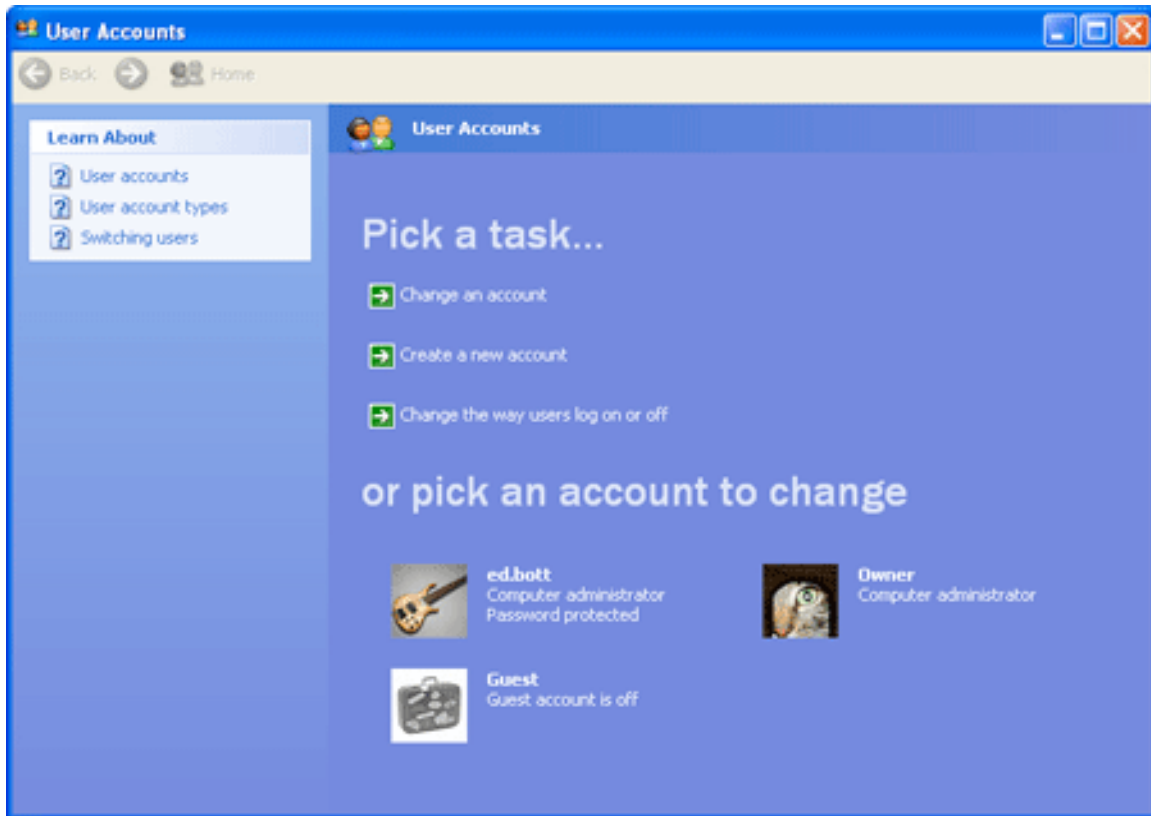
4. Enter a name for the new user. After the user logs on, this name appears on the Welcome screen and at the top of the **Start** menu. Click **Next** to continue.
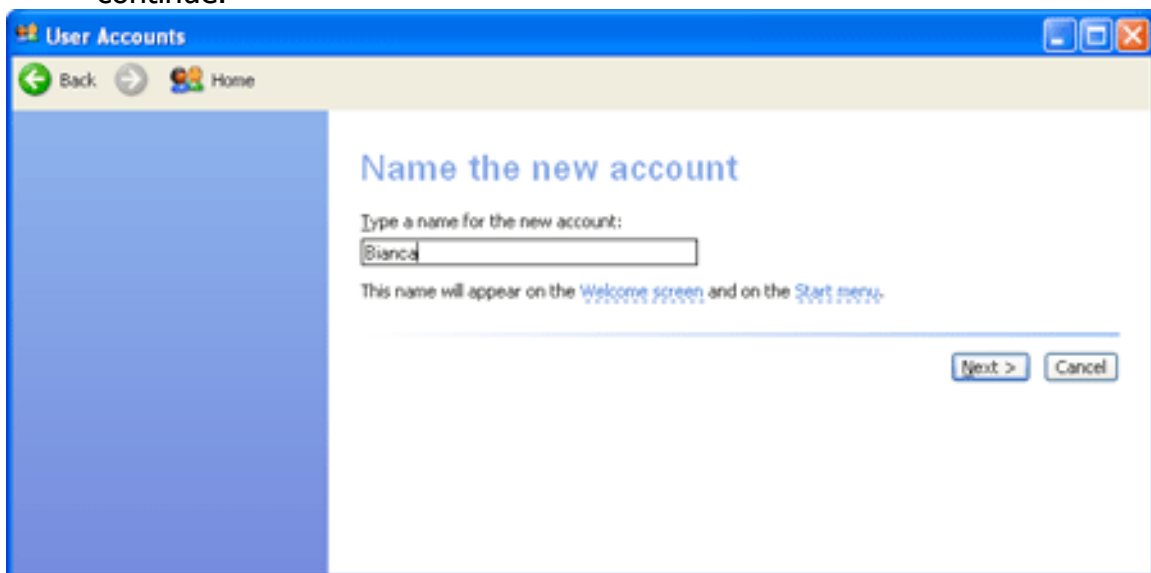
5. To choose the account type, select either Computer administrator or Limited.
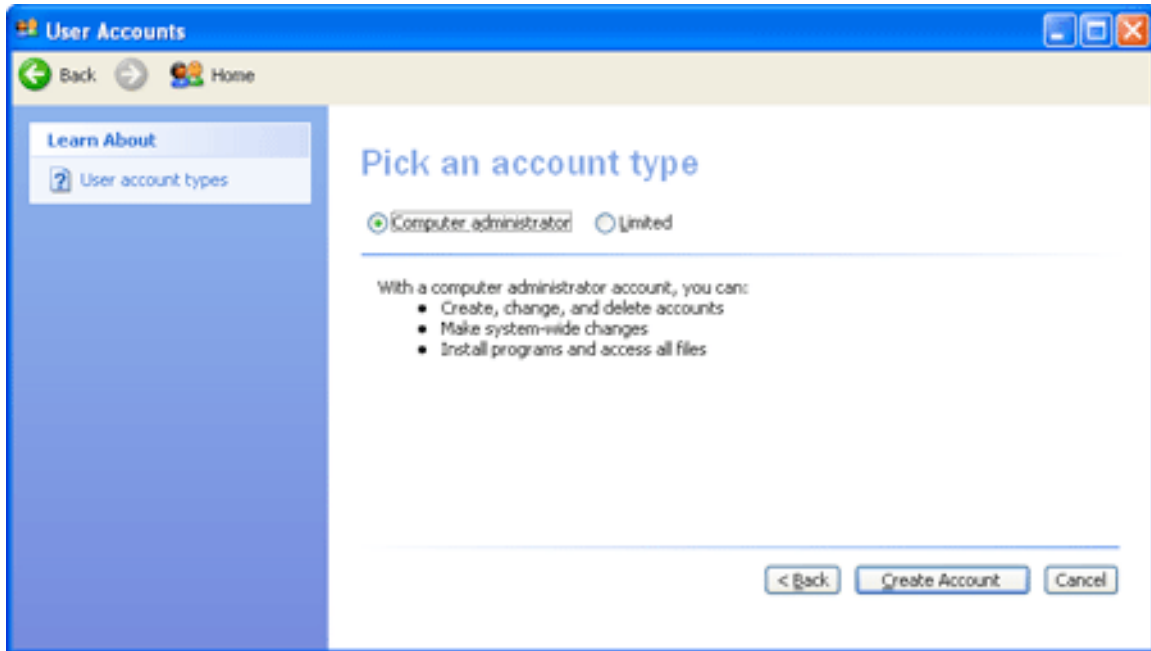
6.   Click Create Account.

Return to the User Accounts dialog box, where you can repeat these steps to create additional accounts for other users.

Add a password to a user account

Without a password, a user account remains unprotected. Anyone who sits at a computer can click a user name on the Welcome screen to log on to the account. The person can then start working with existing programs, installing new ones, or creating, changing, or deleting files.

No matter how much you trust the people around you, creating a password for an account noticeably increases security. Using passwords also lessens the chance of a user accidentally logging on to the wrong account and mistakenly altering another user's files or settings.

A password doesn't have to be complicated. Ideally, it should be at least seven characters long, with a mix of capital and lowercase letters and numbers. It should be easy for you to remember and hard for someone else to guess — that means no using your pet's name or your birthday!

To create a new password, follow these steps:
1.   Click **Start**, and then click **Control Panel**.
2.   Double-click **User Accounts**, and then click **Change an account**.
3.   Click your account name.
4.   Click **Create Password**.
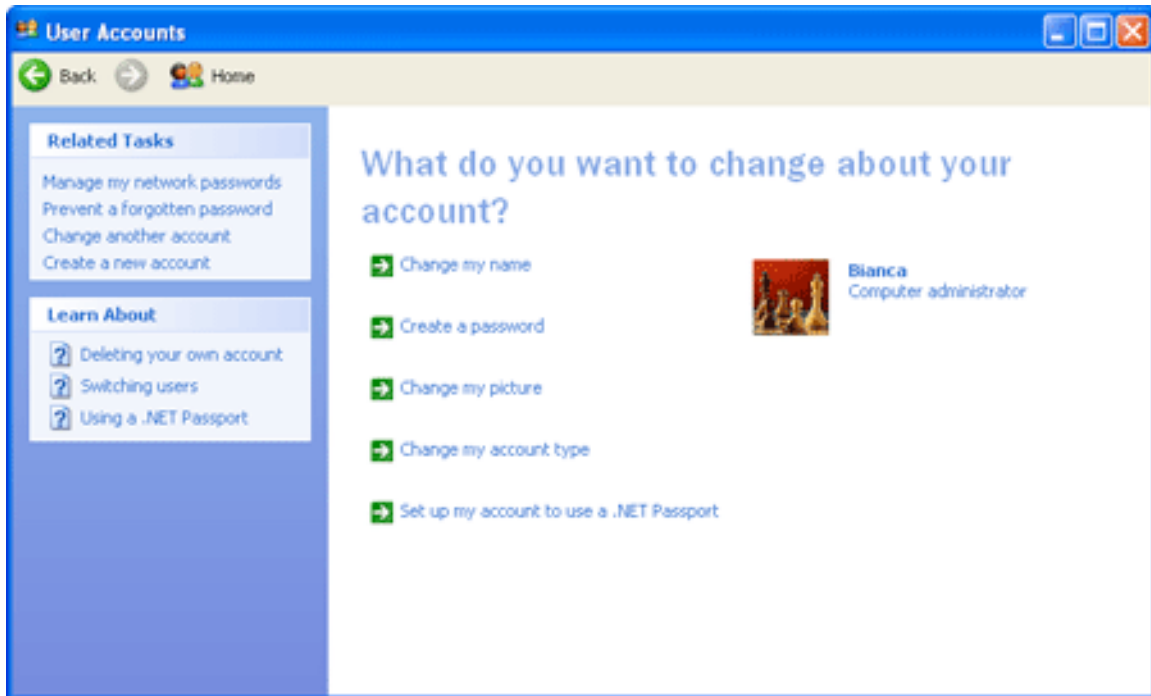
5. Under the Create a password for your account heading, type the new password in both boxes. (Typing the password twice is a security precaution that prevents you from accidentally mistyping your intended password and being unable to access your account later.)

6. If you want to add a hint to remind yourself of the password, you can enter a word or phrase in the box at the bottom. This hint is available from the Welcome screen if you forget your password. Because anyone can see the password hint, make it something that jogs your memory but doesn't help someone who is trying to break in to your computer.
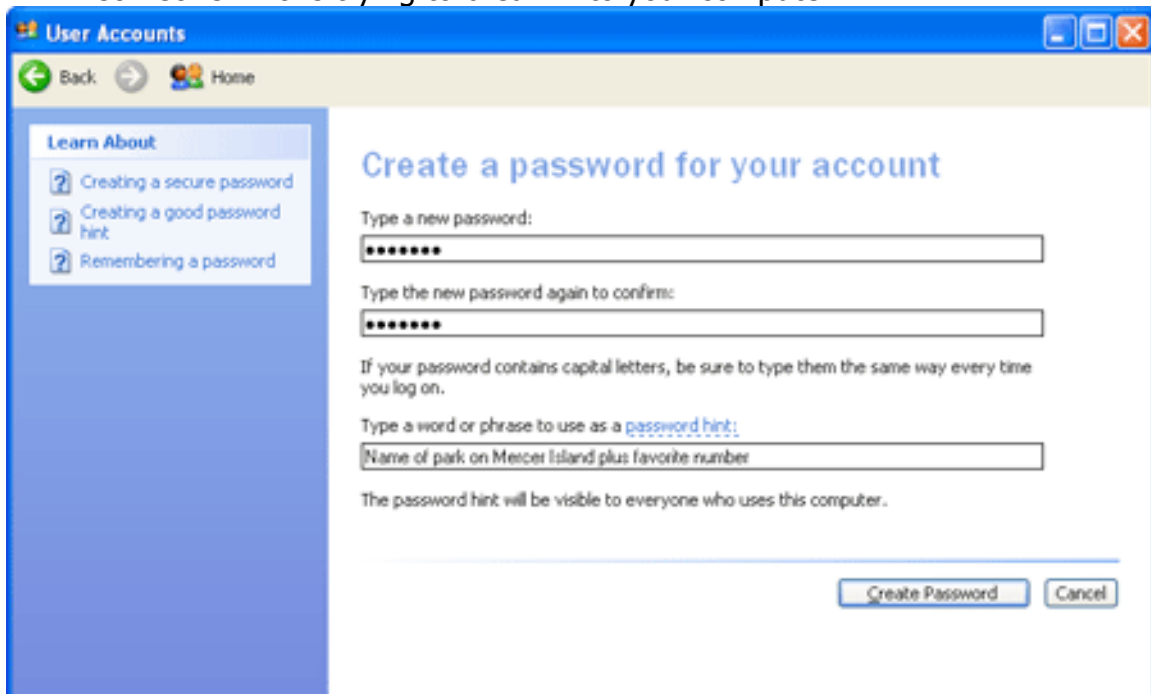
7. Click **Create Password**.

8. At this point, Windows offers you the option of making your files private so that only you can read them. Choosing an option returns you to the **User Accounts** dialog box.
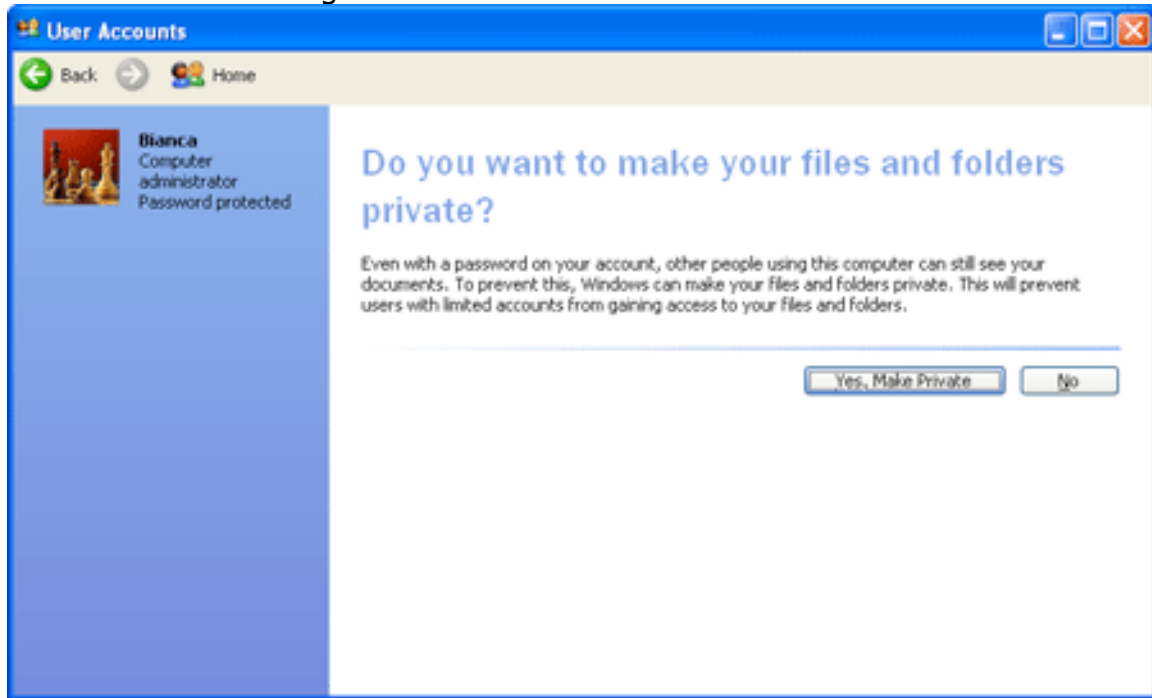
9. Click **Start**, and then click **Log Off**. Return to the Welcome screen, click the user name, and enter the new password to verify that it works.

By creating a user account and password, you can ward off accidental or deliberate damage to a computer user's files and settings.

4. Create a password reset disk

Adapted from Ed Bott's Your New PC: Seven Easy Steps to Help You Get Started!

As an administrative assistant, do you find it difficult to keep track of the many passwords that you need to access the computers in your office? Do employees come to you for help when they forget a password? Prepare for a forgotten password with this easy solution: create a password reset disk. The password reset disk is an indispensable tool that stores a copy of a password in an encrypted format that no one can read. If you're unable to enter the correct password at the Welcome screen, you can insert the disk and create a new password. **Storing a password** To store a copy of your password, you need a floppy disk or a USB flash memory key drive. Insert the disk into the drive or plug the key drive into a USB port, and then follow these steps:

1. Click **Start**, click **Control Panel**, and then double-click **User Accounts**.
2. In the **User Accounts** dialog box, click the name of your account.
3. In the left side of the **What do you want to change about your account**? box, under the **Related Tasks** heading, click **Prevent a forgotten password**. This starts the Forgotten Password Wizard.

4. Read the introductory page of the Forgotten Password Wizard, and then click **Next**.

6. On the **Create a Password Reset Disk** page, select the drive — floppy disk or flash memory keydrive — where you want to save the password reset files.
7. On the **Current User Account Password** page, enter your current password, and then click **Next**.
8. The next two pages of the Forgotten Password Wizard provide progress indicators. When the Progress bar reaches 100% complete, click **Next**, and then click **Finish**.
9. After completing the wizard, remove the disk, label it clearly, and store it in a secure place.

Using the password reset disk

If you ever forget your password, you can log on to the computer by using a new password that you create using the Password Reset Wizard and your password reset disk. Follow these steps:

1. Click in the box on the Welcome screen where you normally type your password, and then press ENTER.
2. Click Use your **password reset disk** to start the Password Reset Wizard. Click **Next**.
3. Insert the password reset disk — place a floppy disk into a disk drive or connect a flash memory keydrive to a USB port.
4. Type a new password in the Type a new password box. Then type the same password in the **Type the password again to confirm box**.
5. In the T**ype a new password hint** box, type one or two words to remind you of your password if you forget the new password. Remember to use a hint that spurs your memory but that won't help another user access the computer.
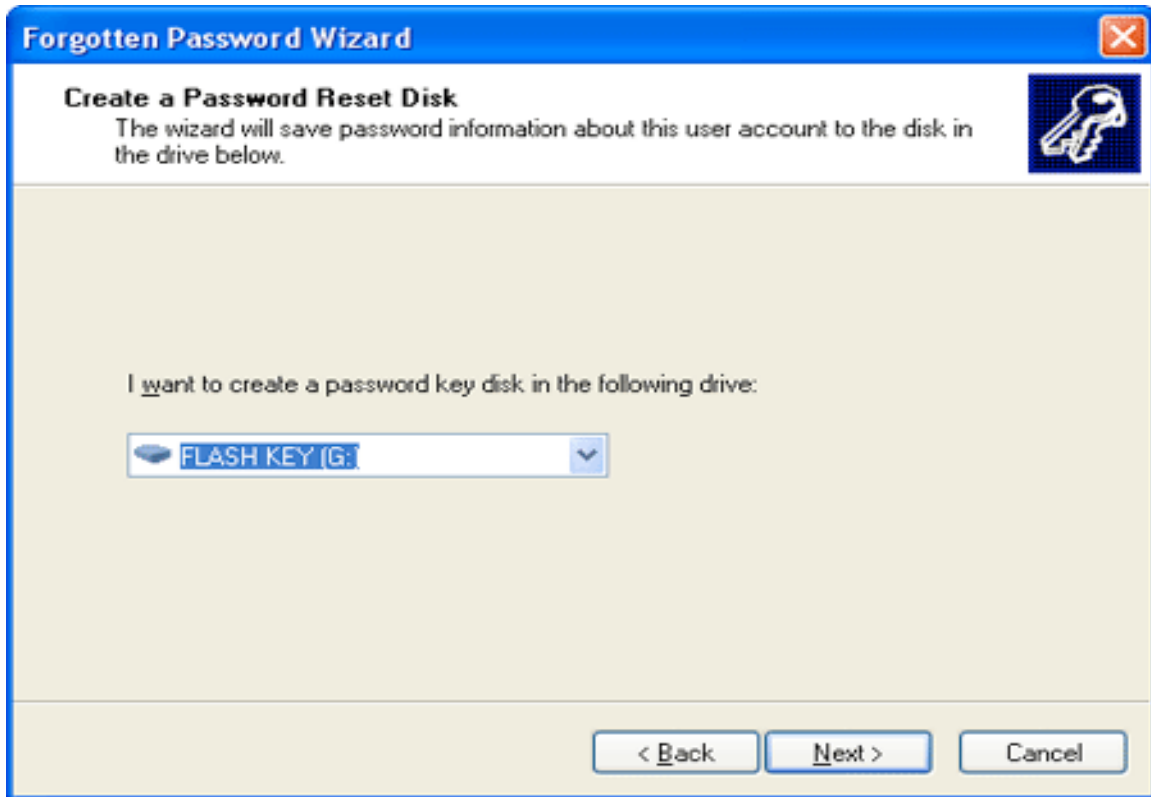
6. Click **Next**, and then click **Finish** to close the Password Reset Wizard.
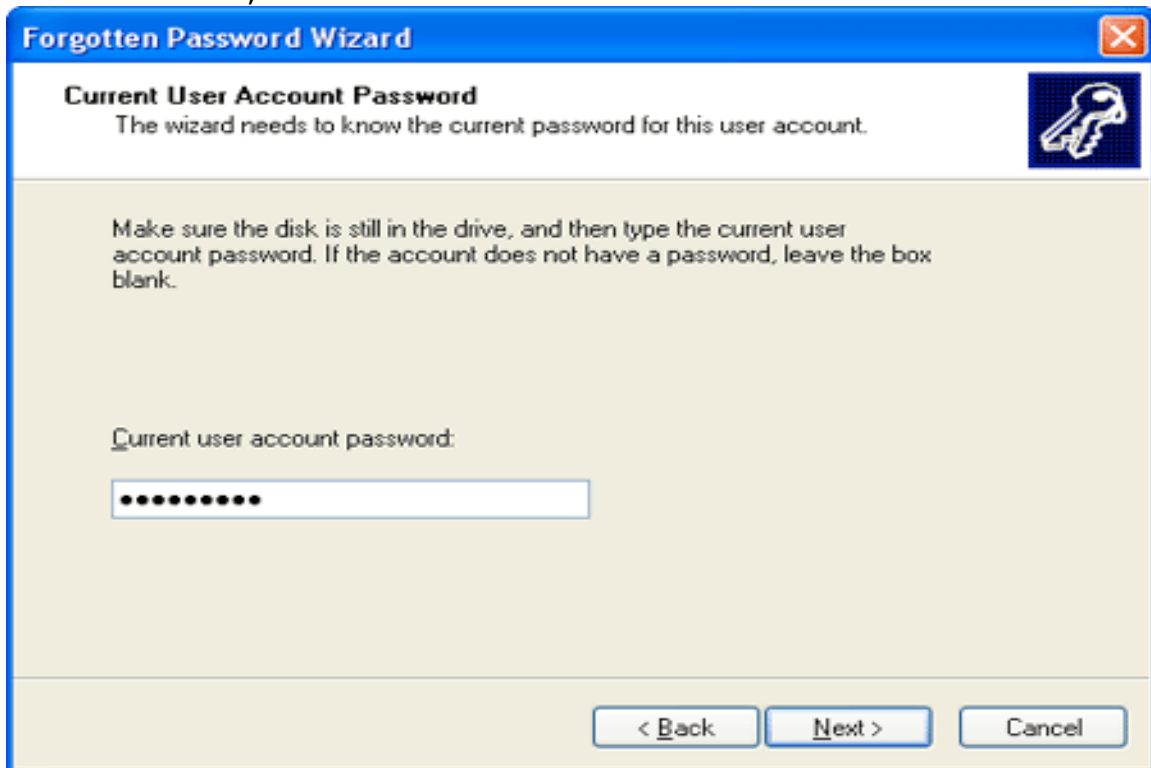
7. At the Welcome screen, log on to the computer by typing your new password in the **Type your password** box.

The password reset disk is a handy tool for when your memory fails. But remember — other people can use the password reset disk to gain access to

your computer, so make sure that you store the disk in a secure place.

5. OFFICE MANAGER

1. Managing Employees Prevent Employee Turnover

By Laura Stack, contributing editor for APOM

The problem of employee turnover According to a 2007 workplace survey by CIGNA Behavioral Health called "Worried at Work: Mood and Mindsets in the American Workplace," workers are stressed to epidemic proportions. Forty-four percent of employees surveyed said their jobs were more stressful today than a year ago. As a result, 45% said they've either considered leaving their jobs in the last year, have left a job, or plan to do so soon. Turnover can be extremely costly to an organization. For each employee you lose, the turnover costs range from 120% to 200% of annual salary. On average, new employee performance takes 13.5 months to reach maximum efficiency. **The causes of turnover** Many people mistakenly believe that employees leave jobs primarily for better wages, benefits, or both. The cause is more likely to be one of the following:

- Understaffing
- Lack of communication
- Poor job fit

Understaffing Employees who survived layoffs and recessions with their jobs intact are working harder than ever. The reduced number of workers still shoulder the same (or larger) total workload that existed before staff-cuts. In 2002, worker productivity in the United States was at its highest level since the 1950s — 4.7%.

When productivity is high, organizations don't need to hire as many people. But it's hard for employees to be happy when, no matter how hard they work, they never catch up.

Most professionals have a backlog of 200 or more hours of uncompleted work, in spite of working harder. As a result, employees experience a strong need to balance the urgent demands of work and personal life without sacrificing either.

Lack of communication In focus groups, employees identified leadership's failure to provide a clear picture of the company's direction as a major reason for leaving a company. If you want to achieve better results and improve morale, clearly communicate where the company is going and why.

Employees want to know your vision and what, specifically, you want them to accomplish. Employees also want to know how you think they're doing — and not just during annual reviews. Regular and consistent feedback is essential for your workers to do the job you expect.

Poor job fit Many employees feel unfulfilled, bored, or "stuck" in their current positions. Cross-training gives employees more variety and managers more flexibility in the workforce. Adjusting job tasks can also increase worker satisfaction.

For example, UPS had a high turnover of drivers, a key position for the company. In talking with the drivers, UPS discovered that they hated to load their trucks but enjoyed the driving. So UPS designed a job classification of loading the delivery trucks, which cut turnover dramatically, because drivers no longer had to load trucks.

Strategies to prevent employee turnover
Preventing turnover is cost effective. It's cheaper to retain the employees you already have than to hire new ones — even a few. Here are some employee-retention strategies:
- Recognize your impact as a manager
- Implement effective work/life programs
- Provide personal productivity training
- Adjust or establish constructive Human Resources policies.

Recognize your impact as a manager People don't really quit companies, they quit managers. Many people leave simply because of the way they are treated every day. Surveys show that lack of appreciation, lack of teamwork, and the perception that the company doesn't care about employees are consistently the highest-rated reasons for low job satisfaction.

As an office manager, you must specifically communicate to employees that you appreciate their contributions, rather than talking to them only when they do something wrong. Use charts and graphs distributed through electronic bulletin boards and e-mail groups to keep your team informed of results and how they are moving toward company goals.

Implement effective work/life programs More and more organizations are looking to work/life programs to help employees cope with workplace stress. Many of Fortune's "100 Best Companies to Work for in America" cite work/life programs as one of their top tools to attract and retain the best employees and give their companies a competitive edge.

Corning, for example, estimates that it saves $2 million a year because of increased employee retention attributed to career and family initiatives. Aetna estimates that it saves $1 million a year because of its policy allowing employees to return to work part-time after family leaves. NationsBank (which merged with Bank of America in 1998) reported that two-thirds of its employees on flexible schedules would have left the company if flex-time had not been an option. Several studies have found that on-site childcare centers decrease turnover.

Provide personal productivity training Through proper productivity training, many people who work a 50–hour week can achieve those same results in 40 hours.

You create mutual value for the company and employees when you:
- Identify key employees, whose production rate and results are superior.
- Help employees learn to achieve the same results in less time through productivity training.
- Let employees leave the office earlier and get home to their lives.
- Improve employee morale and job satisfaction to increase retention.
- Both sides benefit from this win-win productivity proposition.

Employers:
- Achieve the results they need without pushing employees over the edge.
- Become an employer of choice.
- Reduce staff turnover.

Employees:
- Achieve more results in less time.
- Balance work and personal lives.
- Experience less stress.

Adjust or establish constructive Human Resources policies The methods described below can be technical and often have legal ramifications, so you should consult with HR and legal resources before implementing these policies.
- **Salary-level caps**
- Structure pay levels by job categories so that long-term employees don't price themselves out of their jobs. Properly structured salary-level caps prevent this situation because the salary for a given job will never be higher than the job is worth.
- **Phased-in benefit plans** Establish retirement plans that aren't fully vested until employees have many years on the job. This encourages people to stay. For example, an employee is 25% vested after two years, 50% after five years, and 100% after 10 years. Also award additional vacation time for each year an employee is with the company.
- **Performance-based salary increases** Create performance-planning and review programs that help you retain desirable employees. Frequent reviews and positive reinforcement reward and encourage high-performing employees. Poorer performers can be identified and assisted, then rewarded when they improve.

Solving the problem

Analyze your office with an eye toward the reasons behind high turnover: understaffing, communication problems, and poor job fit. Then put appropriate retention programs in place to address these issues. Good management techniques, open communication, feedback, positive reinforcement, work/life programs, time management training, and creative personnel policies all support employee retention.

Face the facts: You are renting talent, not buying the hearts and souls of workers. When your workers are more satisfied with the balance of their work and life, you gain company loyalty and retain desirable employees. You save money and training

time and improve your own job performance and satisfaction for a win-win situation all around.

About the author Laura Stack, MBA, CSP (Certified Speaking Professional), is a contributing editor for OfficeOurs, the magazine of the Association of Professional Office Managers (APOM). Stack is an expert on employee productivity and the author of Leave the Office Earlier (Broadway Books, 2004). For further information about Laura Stack, visit her Web site at www.TheProductivityPro.com.

Employee Orientation Template MS Power Point

Make employee Information Form

YOUR LOGO HERE

Company Name

Employee Information

Personal Information

Full Name: _____

Last   *First*   *M.I.*

Address: _____

Street Address   *Apartment/Unit #*

_____

City   *State*   *ZIP Code*

Home Phone: **(** **)** _____ Alternate Phone: **(** **)** _____

E-mail Address: _____

Social Security Number or Government ID: _____

Birth Date: _____ Marital Status: _____

Spouse's Name: _____

Spouse's Employer: _____ Spouse's Work Phone: **(** **)** _____

Job Information

Title: _____ Employee ID: _____

Supervisor: _____ Department: _____

Work Location: _____ E-mail Address: _____

Work Phone: **(** **)** _____ Cell Phone: **(** **)** _____

Start Date: _____ Salary: **$** _____

Emergency Contact Information

Full Name: _____

Last   *First*   *M.I.*

Address: _____

Street Address   *Apartment/Unit #*

_____

City   *State*   *ZIP Code*

Primary Phone: Relationship: _____ **(** **)** _____

PART 3. FINANCE

1. Prepare financial statements

The books are closed and all account balances are reconciled. You're justifiably proud of the resulting financial statements, and you're comfortable that every number is accurate. Will someone outside your company get a favorable impression from reviewing these documents?

Who reads your financial statements?

Obviously, your company managers read the financial statements carefully and do further analysis on the numbers included. They were most likely the audience you had in mind as you prepared the statements.

But it's important for you to step back and see the financial statements in the way that a person outside the company might see them. To do this, you must first understand who these outsiders are and why they would be interested in your financial statements. There are several categories of outsiders.

Investors

- **Goal** Decide whether and at what price to commit, or continue to commit, resources to your company.
- **Potential gain** A share in future profits.
- **Risk** Loss of their own money and loss of investment income from a better investment.

Creditors

- **Goal** Decide whether your company can pay back current or future debt, either from expected future income or from the sale of assets.
- **Potential gain** Fees for lending resources.
- **Risk** Loss of their own money and loss of investment income from a better investment.

Customers

- **Goal** Decide whether your company can meet their needs for product delivery. Understand the value of their business to your company and review the price that they are paying.
- **Potential gain** The growth of their own business.

- **Risk** Dependency on you could cause their company to fail.

Suppliers

- **Goal** Decide whether to sell their product to you. Understand the value of their product to your company and review the price that they are charging.
- **Potential gain** Income for their own business.
- **Risk** Loss of income from you and loss of income from a better customer.

Auditors

- **Goal** Decide whether to provide a favorable opinion on both the accuracy of the numbers and the ongoing viability of your company.
- **Potential gain** Fees for rendering opinion and enhanced professional reputation.
- **Risk** Damage to reputation and potential lawsuits if opinion proves incorrect.

Industry analysts and fund managers

- **Goal** Decide whether to endorse your company as a good investment for their customers.
- **Potential gain** Enhanced reputation, new customers, and higher commissions.
- **Risk** Loss of reputation and customers.

Government regulators

- **Goal** Determine whether your statements comply with the regulations for companies that sell their stock publicly.
- **Potential gain** The gain is on your side: You are allowed to continue to market your stock.
- **Risk** The risk is also yours: Failure to comply means denial of trading and, potentially, stiff penalties.

Although some of these outsiders have access to you or other members of company management and can ask questions to help fill in the blanks in their analysis, other readers have to make conclusions by using only the information in the statements.

What are they looking for?

As you can see, there are many different reasons that outsiders might read your

financial statements. Some of the answers that these readers seek are available directly from the statements, but finding other answers might require additional effort.

Analysis methods depend on a reader's goals, approach to financial analysis, and personal preferences, as well as your company's various businesses and circumstances. There are, however, some common tasks that outsiders perform, including:

- Looking for changes over time and trends in those changes. The easiest way to accomplish this goal is to lay side by side the financial statements for consecutive periods. (Remember that a set of financial statements is a snapshot in time — only by comparing several snapshots do you get a true picture of where the numbers are heading.)
- Comparing some line items as percentages of others. For example, outsiders might look at general and administrative expenses as a percent of sales to determine whether your operations are becoming more efficient as production grows. Or they might look at accounts receivable as a percent of total assets to see if you are paying attention to the income collection side of the business.
- Evaluating your company's trends against others in your industry. Readers calculate standard ratios to measure return on investment, safety and liquidity, and operating efficiency, and then compare your ratios to your competitors'. If there's a significant difference, they try to determine the reason.

How many financial statements will be included in this comparison process? That depends on your company's business and circumstances. In most cases, a 10-year period is good. However, recent changes in the company or the industry may make this historical data less helpful.

What are readers looking for on each financial statement?

Balance sheet

How liquid is the company? Liquid assets are cash and other assets that can be quickly and easily converted into cash.

How well is the company set up to meet cash needs? For payments required in the next year, this question is answered by determining liquidity. For longer-term obligations, the outsider needs to know when payments are due.

How much are your key assets really worth? Fixed assets are included in your balance sheet at cost and not market value. In some businesses, the value of the company is based on the value of a few key assets. Outsiders need to know the information that helps them value these assets.

How thin is your remaining equity? The equity section of the balance sheet shows how much remains of earlier investments in your company. Operating losses and distributions may have depleted this investment. The remaining equity is the funding your company could use for further expansion.

Income statement

Since your income statement shows a net profit, you were certain that anyone reading the statements would come away with a favorable impression. You now understand that the outsider is not looking at the income statement for this period alone.

Can the income from this period be compared with the income reported in earlier periods? Income can be thought of as a combination of revenue and other gains.

- Revenue is the income from your operations. It's the money you collect from the delivery or manufacture of a product or from providing a service.
- Other gains are inflows from sources other than operations, such as capital gains and losses.

Be sure to clearly separate these two income categories on your income statement.

Also state separately any unusual income amounts from operations included this period. For example, you might have charged your existing customers a one-time license fee.

Are there different business segments in your company? For example, you might have two very different products. Outsiders want to see income and expenses broken out by segment, particularly if there are differences in net profit or in potential for growth between these products.

Statement of cash flow

How many dollars have to be invested to get a dollar of revenue? The cash flow statement describes the company's sources of cash and uses of cash. These numbers detail how the company reconciles its beginning and ending cash balance.

Other information in financial statement package

There are other, more general pieces of information that outsiders want to see, such as:

- Certainty level for all measurements. If you reported some income that has not yet been collected, how certain are you that the amount you booked will be collected?
- Known or expected changes that will affect future performance. These could be changes in your industry, changes in market conditions, or changes within

your company.
- Information to build a management report card. How close are these results to projections?

Can you make your financial statements better?

Having viewed the data through an outsider's lens, you may find that your confidence in your financial statements has turned to concern. What can you do now?

It's too late to make changes that can immediately affect the profitability of your business. Obviously, you can't go back and "cook the books." But you can use the information that you just gained to correct any operational shortcomings in the next business cycle.

And you can still enhance your financial statements package. Do the analysis described above. Sit down with a representative of each reader category and watch them analyze your financials. Note questions they ask.

There's also a good chance that you can add information that, if read at the same time as the financial data, could lessen readers' concerns. For example, you can:

- Provide detail on segments of your business.
- Clearly separate operating income and expense items from other sales and related expenses.
- Because these statements will be reviewed side by side with earlier statements, make sure that you categorize items consistently.
- Separate the effect of unusual and nonrecurring income and expense items from recurring items.

You can add these details by inserting line items in the statements or by including notes with the statements.

Also, consider adding supplementary investment analysis information to your financial statements package. You will have the opportunity to provide this package as a presentation to outsiders. You may present it directly, post it on your Web site, or mail it.

Think of your financial statement package as part of your company's public image. The outsiders who read the package are key to your continued success. Be as concerned with addressing their needs as you are with taking care of your company's customers.

Auditor

2. CREATING BUSINESS PLAN

Every business plan is a unique document because each plan details the specifics of one business. Yet your plan should share themes and an organizational format that are common to other business plans. This will help investors and other important readers to quickly understand your business idea and locate sections of interest.

This isn't a document you dash off. Most plans require two or three months of researching, analyzing, and writing (and reviewing and refining and rewriting). It can take up to 300 hours — or, in some cases, up to a year — to get the plan right.

Business plans generally run 20 to 30 pages, but they can range from 10 to 50 pages or more. The length depends on your preferences and the plan itself. But keep in mind that you're likely to be a more passionate reader than most. Put yourself in the shoes of your other readers. What do they need to know? What can be left for a later discussion or report after you've engaged their interest?

Plan organization

You must cover all the elements of the business and its strategies for growth and success. The following sections are generally included in a business plan:

Cover page

This includes your company name and contact information.

Executive summary

This is probably the most important section of your plan. In two pages or less, it should sum up:

- o What your business will do.
- o What your market opportunities will be.
- o How you will make money.

Most readers start with the summary and then, if they're interested, go on to other sections. You'd be smart to write this section last, after you've thought through and written everything else. It will be a lot easier then.

Industry environment

Step back and think about what first sparked your enthusiasm to start this business. You must set it up so that someone who has no notion of your field or industry will understand why you're jumping in.

This section should also include:

- o A description of any significant trends, industry innovations, or big players in the market.
- o A summary of the current state of your industry and its future. This is a positioning overview that covers the market's driving forces as well as current and future opportunities. You're creating a map so that you can show where your idea fits in and why your company fills a gap or a need.
- o Details of your business's target customers as well as your strengths in the marketplace.
- o A company mission statement, if you have one.

Marketing

Your marketing strategy is the heart of your business. Without a marketing strategy, finances fall by the wayside. How can you make money if you don't know how to sell your product? Who are your customers? How will you find them? How much will it cost to acquire and service them?

Your marketing plan should include:

- A summary of your market position and goals.
- Your market objectives. Specific targets are more effective than vague announcements: "We will sell 150 widgets by the fourth quarter" is more convincing than "We will own the market in widgets."
- Your target markets.
- A strategy for each segment or market.
- Marketing expenses and resources, and how they will be allocated.
- The marketing channels you plan to use, such as e-mail marketing, radio ads, or highway billboards.
- Competitive scenarios. What are your moves if, say, a competitor lowers its price as soon as you launch?
- Communications strategy. Set up benchmarks to show when the marketing pays off. Connect the dots with the sales staff.
- The implementation or marketing calendar. Plans are great, but if you don't also designate responsibility, set deadlines, and hold people accountable, marketing efforts will fail.

The marketing section should detail the results of the customer or market research that you've done and explain what you foresee as difficulties in getting into the market (sometimes called "barriers to entry").

You want to answer some key questions for readers and investors, including:

- The size of your market.
- The percentage of the market (be realistic) that you intend to target.
- The cost to reach this target.

Do you have any special marketing advantages to offer, such as guarantees or distribution rights? Be sure that you cover those as well.

Operations

This is your tactical section. You need to provide details about:

- Office or facility requirements.
- Equipment needed or manufacturing capabilities.
- Human resources (staff and contracted or consultant).
- Systems for getting your idea up and running.
- Inventory control or quality assurance processes.
- The kinds of operation funds that this will take, including:
  - Rents

- Leases
- Licenses
- Registration
- Production costs

A floor plan of the space you've chosen, if your business is a manufacturing or production model.

Financial projections

This is your statement of what's coming in and what's going out. It should include:

- A detailed outline of your cash flow expectations, usually for a 12-month projection.
- A projected balance sheet.
- Projections for sales, expenses, and margins of profit.
- What it will take to get to breakeven and then to profitability, including the kind of cash drain you anticipate until then.

Tone will tell

It's easy to get bogged down in an avalanche of facts and figures when drafting a business plan. Don't. Walk a judicious line between narrative and statistics. You're telling the story of your business. You're making an argument for success (and perhaps backing).

Here are some tips to make your business plan more compelling:

Capture attention

Your executive summary must be both exciting and readable. Avoid all technical or industry terms and jargon. If you must invoke complicated terminology or concepts, define them briefly.

Put yourself in the mind of the reader

The plan is about the market and how you will make money, not about how smart you've been to come up with a fabulous new product. Be sure that you stick to the goal of the plan, which is to convince readers that your business is viable.

Be realistic

Don't avoid weaknesses, and don't gloss over strong competitors. Everyone who reads a plan is an interested, astute professional. If you leapfrog over problems or difficulties, you lose credibility.

Showcase your ending

Be sure that the last page is as dramatic as the first. Don't trail off into numbers or detailed explanations. Sum up with as much excitement as you began.

Chief Financial Officer

10 tips for effective financial presentations

When you present financial information to team members, investors, or other parties, it's essential that you not only communicate the basic information, but that

you help the audience analyze and actually understand it. To do this, you can create a Microsoft Office PowerPoint® presentation to help make your points in a way that would be impossible with just a verbal presentation and handouts.

The PowerPoint paradox

PowerPoint is a powerful tool with almost limitless design and production possibilities — and therein lies the danger. With so much to choose from in PowerPoint, it's possible to overwhelm your content with your dazzling presentation. And it's so easy to create slides, that you can quickly make more than you'll ever have time to show.

It's all about the story

Financial presentations tell a story. You're not just showing a collection of profit-and-loss statements and balance sheets — you're telling a story that your audience needs to hear. It may be a story of a new company with promising growth. Or, maybe it's a story about meeting market challenges. Whatever your story is, stick to it: Toss everything that doesn't help you tell it in a compelling, easy-to-follow way. Tell your story with simplicity and clarity.

Many studies have been done on the best ways to present financial data. Communication experts, including David Brooks, 1990 Toastmasters World Champion of Public Speaking, agree on basic principles of effective presentations. These 10 tips can help you focus on your story and present financial information more effectively.

1. **Limit the amount of information on each slide.**   Most people can easily see five or six words per line and five or six lines per slide. The guidelines apply to financial reports — so instead of showing full reports, focus on just the main points, with no more than four to six columns and six to eight rows. For example, this simplified profit-and-loss statement is easy to read on paper, but on a slide it's more like an eye exam.

Comparison Profit and Loss
1/1/2002 Through 12/31/2002

All amounts in U.S. dollars

Net Sales	This Year	Previous Year	Change	% Change
Beverage Sales	32,501.00	28,201.00	4,300.00	15%
Floral Sales	3,500.00	2,754.00	746.00	27%
Food Sales	41,073.00	43,743.00	-2,670.00	-6%
Services Income	807.00	813.00	-6.00	-1%
Total Net Sales	77,881.00	75,511.00	2,370.00	3%
Cost of Goods Sold				
Purchases	4,280.00	3,997.00	283.00	7%
Inventory Change	317.00	275.00	42.00	15%
Total Cost of Goods Sold	4,597.00	4,272.00	325.00	8%
Gross Profit	73,284.00	71,239.00	2,045.00	3%
Expenses				
Automobile	718.00	565.90	152.10	27%
Business Insurance	500.00	500.00	0.00	0%
Contract labor	2,750.25	2,753.00	-2.75	-1%
Supplies	339.36	499.26	-159.90	-6%
Utilities	957.00	918.00	39.00	8%
Total Expenses	5,264.61	5,236.16	28.45	1%
Net Income	68,019.39	66,002.84	2,016.55	3%

People cannot read or retain this much complex information on slides. It's too small to read, and it's too much information to retain. Use your slides to make or illustrate your point, and save the detailed financial statements for the handouts.

2. **Use charts.**   Your audience would have a difficult time analyzing 12 months' worth of data in a report, but they can instantly visualize 12 months of sales and net profit in a chart. Continuing with the preceding example, you can use a chart to show how sales from different areas are changing. Depending on the point you want to make, you could use pie charts to show how your overall product mix is changing. Or, you could play up the fact that although service sales are down, beverage sales more than made up for it and total sales and net income are up. Unless you are comparing results, for example on two pie charts, use only one chart per slide. Make the charts as large as possible on the slide.

Comparison Sales by Category
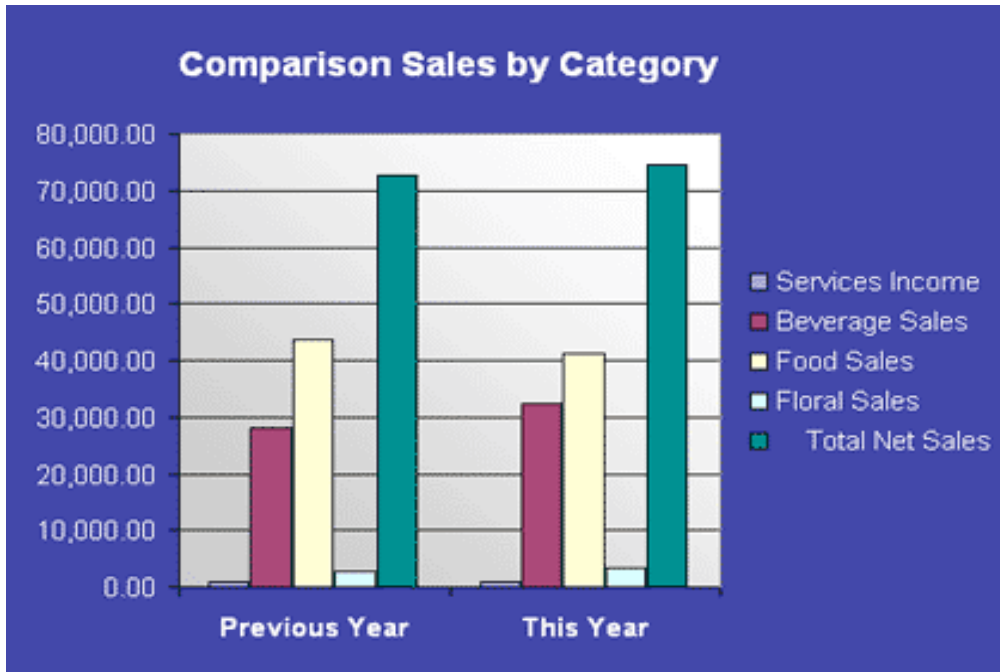
3. **Use a readable font and font size**.   Some experts recommend a font designed specifically for online viewing, such as Tahoma® or Verdana®, but others would choose readable classic fonts, such as Goudy. Remember that ornate or very blocky fonts are difficult to read in slide shows, and try to keep the font size at 32 or greater. WordArt (WordArt: Text objects you create with ready-made effects to which you can apply additional formatting options.) has its place, but less is generally more in a financial presentation. Mr. Brooks considers runaway WordArt to be "the mark of a pure amateur." He points out that typography is an art; fonts are carefully created by professionals. And then, "words are squeezed, twisted, or worse yet animated. It's comparable to listening to music at a different speed, totally destroying the artist's work."

4. **Go easy on the transitions**.   Venetian blinds and wagonwheel transitions are fun, but they can be distracting in a financial presentation. And checkerboard transitions can actually be difficult to look at when they come between slides that display mostly numbers. Mr. Brooks prefers the left-to-right wipe, but he says, "the important thing is to pick one transition and stick to it." Some experts recommend a different transition between major topics. In most cases, it's best to err on the side of simplicity. Let the audience notice slide content — not slide transitions. Remember, if something doesn't add to your presentation's story, it probably detracts — and nothing distracts like a big transition fanfare to celebrate the pressing of the **Next** button.

5. **Choose high-contrast backgrounds and colors.**   According to Mr. Brooks, you can't go wrong with a black or dark blue background and white or light yellow text. Some people prefer black text on a white background; although the white background is somewhat harsher, it is easier to see in a room with more light. Bonus: When you use black text on a white

background, you don't have to dim the lights so low that you lose half your audience to a quick nap. If you add background designs, keep them simple and make sure they don't overlap and obscure your information. And consider the quality of the projection system you will be using. Beautiful backgrounds and colors may not look the same on the large screen as they do on your computer — another reason to keep your backgrounds simple.

6. **Use blank or black screens between illustrated points.** When the action is not on the screen, don't hesitate to insert a blank screen, or temporarily black out the screen. The focus will then be on you and your message — not on the previous topic or the one coming up next.

7. **Check for unintended color combinations or symbols**. It should go without saying that unless you're presenting financial statements for a doll company, avoid pink and purple. If it's not a Christmas boutique, stay away from green and red combinations. Likewise, look for incongruous background shapes, like shapes that look like stops signs on an otherwise positive financial presentation.

8. **Provide useful handouts.** A good PowerPoint presentation seldom makes a useful handout without some adjustments. If you've kept your PowerPoint slides concise — five or six words to a line and five to six lines per slide — printing your slides one to a page would take reams of paper and have text so large it would strain the eyes. One solution is to print more than one slide per page. How?

    1. Hide any slides you do not want to print. How?
        1. On the **Slides** tab in normal view, do one of the following:
            - To select nonadjacent slides, click one slide, and then hold down CTRL and click each additional slide.
            - To select adjacent slides, click the first slide in the sequence, hold down SHIFT, and then click the last slide.
        2. On the **Slide Show** menu, click **Hide Slide** . The hidden slide icon appears with the slide number inside, next to the slide you have hidden. **Note**   The slide remains in your file, even though it is hidden when you run the presentation.
    2. On the **File** menu, click **Print Preview** .
    3. To choose the page orientation, click **Portrait** or **Landscape** on the toolbar (toolbar: A bar with buttons and options that you use to carry out commands. To display a toolbar, click **Customize** on the **Tools** menu, and then click the **Toolbars** tab.) .
    4. To set headers and footers, click the arrow on the **Options** button, and then click **Header and Footer** .
    5. On the **Print Preview** toolbar, in the **Print What** box, click the **Handout** layout option you want. Two to four slides per page generally works well.
    6. On the **Print Preview** toolbar, click **Print** .

9. **Note**   After you print, don't forget to unhide any slides that you need for your presentation. Handouts are also the place for all the reference material, detailed charts, and any other information that is too difficult for viewers to

see in a slide presentation, or that they need to take away with them. Avoid passing out more than a sheet or two of paper at the beginning of the presentation. Some viewers won't be able to resist looking ahead — distracting themselves and the people around them.

10. **Arrive early.**   Allow yourself plenty of time to make sure that you have everything and that it all works. You don't want to be searching for power cords and connections as your audience arrives.
11. **Get to the point.**   Remember that your audience is busy and intelligent. Make your points — then know when to quit and let them read the handouts themselves.

Summary

By following these tips from the professionals, you can give more effective financial presentations. And when you see that your audience really understands the financial story you have to tell, you'll know that your presentation is a success.

3. Project small-business profits

According to the U.S. government, 50% of all small businesses fail within the first three years. Unfortunately for many business owners, by the time they recognize the critical nature of their problems, it's too late. Most business owners share an inherent sense of optimism and believe that they're close to success. Many of them also share a sense of disbelief when their expenses continually outrun their revenues.

If you're like many small-business owners, you might track the performance of your company informally and make business decisions based on intuition — which might be confirmed (or denied) when a monthly bank statement arrives. Even successful business owners struggle to determine accurately whether they're regularly operating at a profitable level. It's difficult for businesses to project profit levels based on target sales levels.

Develop a profit projection

A profit projection consists of identifying future income streams and expenses (outflows). The process enables small companies to identify tradeoffs inherent in any business. Although you probably recognize the immediate benefits of this type of planning, you might lack a structured approach and the appropriate tools to accomplish the task.

A profit projection weighs **assumptions** , **projected revenues** , and **projected expenses** . After you have established detailed sales and expense projections for a given period and have identified and noted key assumptions, you can use a simple formula to project profitability. It's essential to thoroughly review the results of this analysis.

Assumptions

Assumptions are at the heart of every financial projection and determine the usefulness of those projections. A considerable amount of time should go into developing these assumptions, and you need to review them thoroughly. In addition, assumptions should be clearly identified as such, and you shouldn't hesitate to modify them as needed to accommodate different business scenarios or to reflect real-world experience.

Projected revenues

When developing projections, it's wise not to be overly optimistic. For example, it doesn't pay to underestimate the impact of such factors as seasonality and the changing buying habits of your customers or to ignore the actions of your competition. If you do, you might overestimate attainable sales levels and develop unrealistic profit projections.

When developing revenue projections, start with these steps:

- **Identify repeat or recurring revenue sources** Because your company has a history with these customers, you can develop assumptions based on historical purchasing patterns.
- **Document potential new customers and markets** Identifying prospective customers along with the expected revenues and unique product requirements helps substantiate growth projections.

Projected expenses

Companies tend to spend more time analyzing revenue streams and less time evaluating the cost structure required to support those revenue streams. Thoroughly analyzing your company's existing expense structure is crucial in developing a good baseline that can be used to project future expense levels.

For many small businesses, two of the most significant categories of expenses are labor and overhead.

- **Labor** When projecting labor costs, be sure to take into account the impact of such items as insurance and taxes, employee turnover, annual compensation adjustments, and overtime pay so that you're less likely to

underestimate total costs. If you're projecting significant growth, it's a good idea to quantify the capacity of current staff levels and identify the incremental costs required to meet growth targets.

- **Overhead** Overhead consists of expenses that are incurred but are not directly tied to a specific customer or sale. Overhead typically includes items such as rent, insurance, utilities, and administrative expenses. Expected increases in overhead expenses, such as a rent increase, need to be factored into the profit projection. Pay particular attention to these indirect expenses, because it's easy to underestimate the impact that these overhead costs have on the profitability of a product or service.

After you identify expense items, categorize the items as either "fixed" or "variable."

- **Fixed expenses** These are costs that are incurred regardless of sales levels — for example, rent, electricity, and fixed wages.
- **Variable expenses**   These are costs that generally increase or decrease based on sales volumes, such as cost of goods sold and cost of direct labor.

Do a breakeven analysis

After you have created a profit projection, analyze sales and cost figures under different operating scenarios to determine breakeven levels. A breakeven level is the minimum sales level that is required to cover projected expenses. This analysis is useful for all firms, because it helps to determine revenue thresholds.

Often, breakeven analyses result in aggressive revenue requirements. In these cases, reevaluate pricing and expense assumptions to ensure that they're reasonable. For example, variable costs, such as direct labor, might be reduced over time as your company becomes more efficient at producing your particular product or service. Cost estimates need to reflect these savings.

Look at a variety of scenarios

Because of unpredictable and constantly changing economic conditions, it's a good idea to develop several different breakeven scenarios. The results of these various scenarios provide valuable data that can help you make more informed short-term and long-term decisions.

About the author   Gary Drake is a managing associate and Michael Kerrigan is a principal with Beacon Consulting Group, Inc. , in Boston, Massachusetts. Beacon specializes in providing operational and strategic consulting services to the investment management industry.

4. Summarize financial data for senior management

Companies should review their annual budgets regularly during the fiscal year to determine how well their actual budget results align with their initial budget targets. Management can perform a regular budget review to measure the organization's progress and to identify areas requiring changes in strategic direction. Unfortunately, budget reviews often become ineffective because of the following common mistakes:

- **Too much detail**   Budget reviews often require senior management to sift through reams of data to uncover relevant information. To allow for strong analysis, budget reviews must provide a clear financial picture.
- **The wrong detail**   Budget reviews that include only financial metrics can blind-side decision-makers. Budget reviews need to include operating and competitive metrics so that managers can gain a broader perspective about the company's position. Operating metrics drive financial performance, and changes to these drivers affect financial results. Competitive metrics help business leaders compare company performance against peers.
- **The wrong context**   Presenting data within the proper context supports better financial analysis and decision-making. For example, managers may feel comforted as they track their company's gradually rising stock price in isolation of other factors. But a stock price that significantly lags behind the competition may elicit a completely different reaction from decision-makers. Presenting data within its full context can make all the difference for decision-makers.

Eliminate these common mistakes when communicating financial information to senior management, and you can create more productive and effective budget review sessions.

5. Summarize budget information

Help company managers judge financial performance by having them review a subset of key metrics, not line-item details. Poring over line items requires effort that is better spent on analyzing summarized data.

When developing your budget, provide summaries in three categories:

1. **Financial metrics**   These include profit and loss metrics (such as revenue, gross margin, and operating profit) and balance sheet metrics (such as cash, inventory, and long-term debt).
2. **Operating metrics**   Also called key performance indicators (KPIs), these metrics include items that drive financial performance. Examples are head count, inventory turnover, and employee turnover. Operating metrics tend to be unique to specific industries. For example, a manufacturing company

might focus on inventory turnover, while a services company might focus on employee turnover.

3. **Competitive metrics**   Whereas the first two categories provide an internal focus, competitive metrics evaluate the entire market in which a company operates. Examples of competitive metrics are market share, number of new product introductions, revenue per employee, and number of employees.

The financial, operating, and competitive metrics provide the details that are necessary for senior management to understand a company's financial results, including understanding which factors affect results and how a company's financial results compare with the competition's financial results.

Present your summary in a budget review report, also known as a flash report. A sample budget review report might include the following details:

1. Category Key metrics
   Financial metrics
   (profit and loss)
   - Revenue
   - Revenue by region/product
   - Gross margin by region/product
   - Operating expenses
   - Net profit (loss) by region/product

   Financial metrics
   (balance sheet)
   - Cash
   - Receivables
   - Inventory
   - Property, plant, and equipment
   - Land
   - Payables
   - Long-term debt
   - Shareholder equity

   Operating metrics
   - Head count
   - Production quality
   - Production capacity
   - Revenue per employee
   - Profit per employee
   - Order accuracy
   - Employee satisfaction
   - Customer satisfaction
   - Inventory turnover
   - Asset utilization

   Competitive metrics
   - Revenue/market share

- Gross margin
- Stock price/earnings per share
- Head count
- Sales head count
- Productivity
- Profit per employee
- Number of new product introductions
- Number of field sales offices

Present budget information Financial data presented during a budget review should provide a platform for critical thought. To help you accomplish these goals, consider using two tools: trend analysis and variance analysis.

Trend analysis Trend analysis presents data by showing how a specific metric changes over a period of time. Trending is best used when a metric is of critical interest to a company. For instance, if a company is starved for cash to satisfy its debt payments, cash may be trended on a weekly basis to determine how the company's cash position stands. But if a company is flush with cash, cash balances that are trended on a weekly basis would provide too much detail and thereby limit management's ability to focus on more important factors. The following chart is an example of a trend analysis. The chart shows a company's revenue trend by quarter compared with its top competitor.
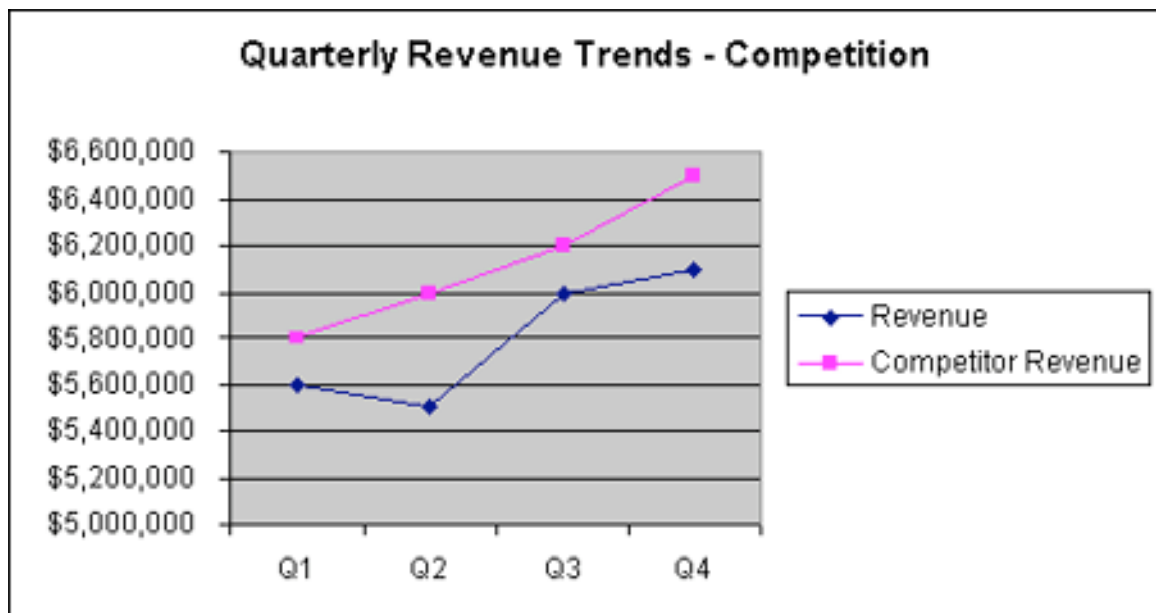

This chart clearly shows the growth of both organizations, as well as the comparison between the two. The chart helps managers benefit from a fuller picture of the company's position. With just a glance, they can make informed decisions about growth or competition.

Variance analysis Whereas trend analysis depicts data over a period of time, variance analysis compares metrics against each other from one period to

another, from one competitor to another, or from target to actual. By identifying large variances (presented in either dollars or percentages), management can conduct a root-cause analysis and uncover what drives the variances. By doing so, management can pursue appropriate changes, which is one of the primary benefits of an effective budget review process. The following is an example of a profit and loss variance analysis included in a budget review summary.

Profit and Loss Summary	May Actuals	May Targets	Monthly Variance
Revenue	$1,200,000	$1,100,000	$100,000
Gross Margin	$150,000	$160,000	($10,000)
Gross Margin Percentage	12.5%	14.5%	-2.0%
Sales from New Products	$200,000	$150,000	$50,000

The following chart is an example of a balance sheet variance analysis.
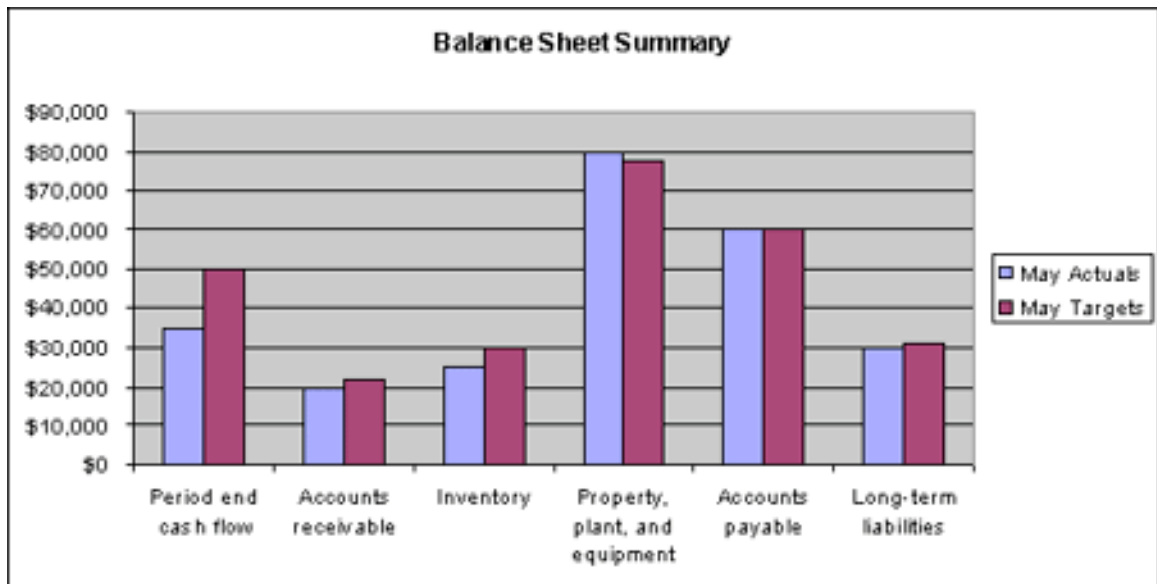
Both the profit and loss summary and the balance sheet summary can be reviewed by users to easily determine variances for key metrics. To help you evaluate how a specific metric has changed over time, supplement this variance analysis with a trend analysis. It's imperative that you provide clearly summarized financial, operating, and competitive data to senior management during budget reviews. Creating a useful budget summarization requires an understanding of the key operating factors that drive financial performance, as well as the competitive environment in which the organization competes. Using tools such as trend analysis and variance analysis, finance teams can create meaningful reports to help senior managers make insightful decisions that drive superior financial performance.

6. Echniques For Successful Forecasting

As a strategic planner, you are under intense pressure to generate positive performance results for shareholders and investors. At the same time, you are seeing globalization open markets and create intense competition. Advances in technology and business processes allow your company to rapidly bring new products and services to the worldwide market.

To succeed in this rapidly changing environment, your company can't rely on current growth levels and profit margins. You must regularly develop long-term strategic plans that consider factors such as:

- The viability of existing products and services
- Opportunities around new products and services
- The profit potential of internal investment options
- The rate of return on strategic proposals

Forecasting is the process of predicting how profitable a product or service will be over the long term — and it is a critical part of strategic planning.

A collaborative effort

Unfortunately, many companies get their forecasts from finance personnel who might rely too heavily on historical data. To develop an effective forecast, it's best to assemble a team of subject matter experts from many different disciplines. For example, the team can include:

- **Sales personnel** to create a long-term sales forecast for a product or service. Salespeople understand the demand for the product and the level of competition in the marketplace.
- **Human resources personnel** to determine staffing requirements.
- **Procurement specialists** to determine supplier costs.
- **Technology personnel** to determine hardware and software needs.
- **Finance resources** to develop best-case, worst-case, and most-likely scenarios.

This team approach can help you create a more accurate and useful plan.

7. Successful forecasting techniques

Forecasting techniques are evolving alongside technology. Identifying how you plan to use the forecast can help you decide on the most useful technique. Companies commonly use long-term sales forecasting, pro forma analysis, and capital budgeting analysis.

Long-term sales forecast (three to five years)

Companies typically develop a three-year to five-year sales forecast. This forecasting technique uses assumptions about macroeconomic and product-specific data to project future sales levels. A long-term sales forecast might include:

- A forecast of the economic environment in which the company will operate over the life of the plan.
- A thorough analysis of products and services, growth opportunities, impact of competition, any significant investment required, and historical sales data to identify trends that might help support assumptions. You use the results of this analysis to develop expected sales volumes and pricing levels.
- Determination of expenses that are required to support sales projections. Typically, you develop baseline expense projections by looking at past expenses as a percentage of total sales. You must also look at other factors, such as inflation, deflation, and increases in cost of materials and cost of labor. Remember that significant growth projections most likely mean additional costs. These costs can have a major impact on profitability. As a result, you need to thoroughly scrutinize cost estimates.
- Calculation of projected profit levels. A company can also develop different scenarios to reflect changes in the relevant inputs.

Pro forma analysis

You can use the data generated from long-term forecasts to create a pro forma analysis, which projects balances and cash flows over a given period. This technique is useful for comparing several periods or evaluating the impact of different assumptions.

A pro forma analysis can also help you assess the attractiveness of a potential merger. It provides useful data to support the negotiation process.

Capital budgeting analysis

Capital budgeting analysis uses projected costs and returns to evaluate long-term strategic investments.

You can use this technique to help you determine whether to fund a proposed project. You begin a capital budget analysis by determining how much money comes in and goes out, and when. This can be a difficult exercise. It requires you to make assumptions about quality and quantity and to carefully review your assumptions.

After you project your cash outflows and inflows, you must select a method for analyzing the data. Companies commonly use one of the following three methods: Payback Period, Net Present Value, or Internal Rate of Return.

- **Payback Period** is the amount of time required to recover the initial cash

investment. You determine this amount by adding up the cash inflows for a product or service and then determining when they will equal the total cash outflow of the project. You typically approve projects that recover their investment within an acceptable amount of time.

- **Net Present Value** discounts the expected cash inflows to the present value by using an acceptable interest rate. Companies subtract the initial investment from the total to determine the project's net present value. You typically approve projects with a positive net present value.

- **Internal Rate of Return** is the interest rate that gives you a net present value of zero. You usually need financial tools to determine this rate. You typically approve projects that have an Internal Rate of Return that exceeds the assumed cost of capital.

An ongoing process

Strategic planning needs to be a dynamic process, not an annual activity. If your company is surviving in today's market, it constantly introduces new products and services or reinvents existing ones. As a result, you must constantly reevaluate assumptions and their impact on your long-term financial plans. Successful forecasting is a powerful tool. When used properly, it plays a key role in the strategic decision-making process.

About the authors   Gary Drake is a managing associate and Michael Kerrigan is a principal with Beacon Consulting Group, Inc. , in Boston, Massachusetts. Beacon specializes in providing operational and strategic consulting services to the investment management industry.

8. Use what-if scenarios to project future values

Microsoft Office Excel 2003
Projecting future values can be an important part of the financial decision-making process. It's often helpful to project more than one set of values to find out how they affect your results. You can do this easily with what-if scenarios — sets of input values that Excel 2003 can substitute automatically in your worksheet.

What-if scenarios can help you answer questions such as:

- How would changing my variable cost per unit affect my net profit?
- What would my estimated capital gain tax liability be if I sold certain investments?
- How would my loan payments change if I found a lower interest rate?

You can create and save different scenarios on a worksheet and then switch between scenarios to view different results. You can also create a summary or PivotTable® list (PivotTable list: A Microsoft Office Web Component used to create an interactive list that summarizes and analyzes data, such as database records, from various sources. Users can view the list in a Web browser and change its layout.) with the results of all your scenarios.

	A	B
1	Variable unit cost	$ 4.00
2	Price per unit	$ 6.50
3	Unit sales	100,000
4	Fixed cost	$ 100,000
5	Total variable costs	$ 400,000
6	Total costs	$ 500,000
7	Total revenue	$ 650,000
8	Profit	$ 150,000

Try it with a breakeven analysis

To do a breakeven analysis and find out how changing the variable cost, fixed cost, unit sales, or price will affect your profit, you can define different values for these variables and then switch between scenarios to compare the results.

The following illustration shows the current breakeven analysis for this example.

Breakeven analysis: Current scenario

Create scenarios

1. On the **Tools** menu in Excel, click **Scenarios** .
2. Click **Add** .
3. In the **Scenario name** box, type a name for the scenario.
4. In the **Changing cells** box, enter the references for the cells that you want to change, or hold down CTRL and click each cell. In this example, to try a scenario of a lower price and projected higher unit sales, hold down CTRL, and then click cells B2 and B3. **Note** To preserve the original values for the changing cells, create a scenario that uses the original cell values before you create scenarios that change the values.
5. Under **Protection** , select the options you want, and then click **OK** .
6. In the **Scenario Values** dialog box, type the values you want for the changing cells. For example, for $B$2 (price per unit), type **6.25** . For $B$3 (unit sales), type **110000** .
7. To create the scenario, click **OK** .
8. If you want to create more scenarios, click **Add** again, and then repeat the procedure. When you finish creating scenarios, click **OK** , and then click **Close** in the **Scenario Manager** dialog box.
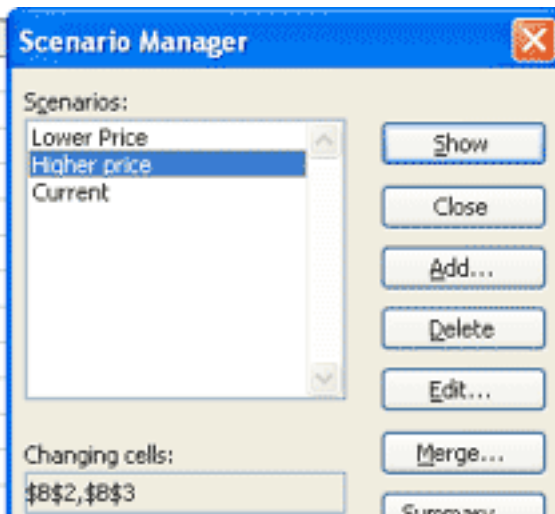
Display a scenario

1. On the **Tools** menu, click **Scenarios** .
2. Select the scenario you want to display, and then click **Show** .

The values for the scenario are automatically substituted in your worksheet.

Breakeven analysis: Higher price scenario

	A	B		Scenario Manager
1	Variable unit cost	$ 4.00		Scenarios:
2	Price per unit	$ 7.00		Lower Price — Show
3	Unit sales	90,000		Higher price
4	Fixed cost	$ 100,000		Current — Close
5	Total variable costs	$ 360,000		
6	Total costs	$ 460,000		Add...
7	Total revenue	$ 630,000		
8	Profit	$ 170,000		Delete
9				
10				Edit...
11				
12				Merge...
13				Changing cells: $B$2,$B$3 — Summary...

Create a scenario summary report or PivotTable report

1. On the **Tools** menu, click **Scenarios** .
2. Click **Summary** .
3. Click **Scenario summary** or **Scenario PivotTable** .
4. In the **Result cells** box, enter the references to the cells you want to display in your report — generally cells whose values are changed by the scenarios.

In this case, enter **B6:B8** to find out how the scenarios affect total costs, total revenue, and profit.

Note   You don't have to specify result cells to generate a scenario summary report, but you must specify them for a scenario PivotTable report (PivotTable report: An interactive, crosstabulated Excel report that summarizes and analyzes data, such as database records, from various sources, including ones that are external to Excel.) .

The scenario summary report displays the variables for each scenario and the result cells.

Scenario summary report

Scenario Summary		Current Values:	Lower Price	Higher price	Current
Changing Cells:					
Price_per_unit	$	6.25 $	6.25 $	7.00 $	6.50
Unit_sales		110,000	110,000	90,000	100,000
Result Cells:					
Total_costs	$	540,000 $	540,000 $	460,000 $	500,000
Total_revenue	$	687,500 $	687,500 $	630,000 $	650,000
Profit	$	147,500 $	147,500 $	170,000 $	150,000

The PivotTable report displays the result cells for each scenario. You can use the drop-down arrows to choose the results you want to be displayed. In this example, even though total revenue is lower if you raise the price, profit is higher. But if you lower the price, total revenue is higher and profit is lower.

Scenario PivotTable report

	A	B	C	D
1	$B$2:$B$3 by	(All)		
2				
3		Result Cells		
4	$B$2:$B$3	Total_costs	Total_revenue	Profit
5	Current	500,000	650,000	150,000
6	Higher price	460,000	630,000	170,000
7	Lower Price	540,000	687,500	147,500

You can try other scenarios and find out how they affect net profit. For example, what if the variable unit cost rises by 25 cents per unit, but price per unit stays the same? By using scenarios, you can create as many scenarios as you need to help plan your business strategy.

9. Use ROI analysis to prioritize technology purchases

In the late 1990s, many finance and IT organizations received a rude surprise after deploying highly touted technology that provided little return on their investment dollars. As a result of these costly mistakes, organizations now consider it imperative to evaluate the strategic and measurable benefits and costs of technology as part of a business case before they make a purchase decision.

Companies that are successful at selecting technology are those that use return-on-investment (ROI) analyses to guide the investment decision process. Organizations can use ROI analyses as part of well-rounded business cases to prioritize technology investment decisions. Yet most finance organizations struggle to develop a business case for technology investments that supports changing business requirements or provides the expected level of business value.

This article provides a framework for incorporating an ROI analysis into the purchasing decision process by using two key success factors:

- **Common business case template** A common business case template contains components that capture the proposed technology's strategic benefits, ROI potential, and deployment risks.
- **Technology evaluation process** A clearly defined evaluation process includes procedures for developing, reviewing, and accepting or rejecting a technology business case.

Components of a well-rounded business case

A well-crafted business case gives managers the information they need to evaluate and prioritize a proposed technology investment. Your business case should include the following three components:

1. **Strategic benefits** Describe the qualitative benefits that drive a business sponsor's reasons for requesting the technology. Strategic benefits are often important for driving business success but are difficult to quantify. For example, a CFO may want a new reporting package that she can use to analyze financial results more efficiently and accurately. Such a benefit is important to the business, although not always easy to quantify.
2. **ROI analysis** This component is the core of the business case. It helps determine whether the measurable value generated by the investment exceeds the costs over the useful life of the investment. It's critical that everyone in an organization use a consistent ROI template, because management can use the template to assess competing technology investment requests. The ROI section of a business case must clearly present the technology's benefits by using two metrics:
   - **Net present value (NPV)** This financial calculation shows the

discounted net benefits of an investment over its lifetime. The NPV is a critical metric that can be compared with other investments of any size . A positive NPV (over $.01) indicates that a company will receive a positive return on its investment, based on a required rate of return.

- ◦ **Payback** Payback, which is a simpler measure, indicates when an investment's benefits are expected to exceed its costs. Payback is usually expressed in months. Companies often require that an investment pay itself back in a specific time period, such as 15 months. Otherwise, management is likely to limit the company's investment or deny the request altogether.

3. **Risk** Often overlooked, a good business case identifies the major risks associated with the implementation of the new technology, as well as the benefits gained. A well-rounded business case identifies these risks for management and provides mitigating strategies to ensure that the technology's benefits are achievable.

Sample business case

To bring these concepts to life, consider the VP of operations for a growing 100-store high-end retailer. The VP believes that implementing a new point-of-sale (POS) software program is vital for the company's continued growth. The company's current POS software is beginning to show strains from the company's expansion and increasing inventory. Customer service issues are arising from errors in the POS software. These errors are a major concern for the company, because its mission is to provide exceptional customer service.

Deploying new software throughout 100 stores is expected to cost $3.5 million in software, hardware, and deployment costs, as well as an additional $1 million per year for training and maintaining the software over its useful life. The implementation time frame is relatively long (over 10 months) and requires that a large amount of data be transferred from the old system to the new one. To justify this significant technology investment, a business case is required.

Using the three components discussed above, the VP of operations should structure a business case to look something like the one that's summarized in the following table.

Business case area Detail

Strategic factors
- • A new POS system will help improve customer satisfaction, which is core to our company's mission.
- • A new POS system will support our current workload and future growth.

ROI factors
- • Expected useful life of software = 5 years
- • Year 1 cost = $3,500,000
- • Future costs = $1,000,000 per year

- Payback = 15 months
- Net present value (NPV) = $3,000,000

Risk factors

- Implementing the new software will take more than 10 months. To mitigate this risk, we will use a systems integrator that has a successful track record of deployment for retailers that are similar to our company in size and complexity.
- The implementation requires that all current data be transferred to the new system. To mitigate this risk in preparation for the eventual migration, we will begin a data-cleansing project immediately.

A great deal of detail and analysis is still required to complete this business case structure, particularly for the ROI metrics. But by incorporating a clear structure that captures the three components, the VP of operations has developed a business case that makes it easy to evaluate the proposed software investment based on its potential value to the business.

Technology evaluation process

An organization should use a formal technology evaluation process for all investments over a certain threshold — typically for more than $100,000 for medium-sized to large-sized companies. This evaluation process should include the following steps:

- **Develop the business case**   The business sponsor of a proposed technology investment should draft a business case by using the components described earlier in the article.
- **Review**   A technology steering committee should evaluate business cases on a periodic basis. This committee, comprising line of business, IT, finance, and executive leaders, assesses each case on its merits to ensure that the company pursues only investments that add true value to the business.
- **Select the business case**   After evaluating a business case and comparing it with other investment proposals, the committee either accepts or rejects it. Depending on the committee's reasons for the rejection, rejected cases may be eligible for resubmission to the steering committee upon revision by the business sponsor.
- **Fund the investment**   Accepted investments are funded by finance and use procurement to drive down project costs.

As with any business process, the technology evaluation process should be formally documented and communicated to the organization's leadership to ensure that all major investments are consistently reviewed. It is advisable that this process be mandatory in order for funds to be released.

Sample evaluation process

To continue with the example of the proposed POS software investment, assume that the retail company's technology steering committee evaluates the POS software

proposal from the VP of operations, along with two other requests for investment.

One investment request is for new budgeting software, which is nearly identical in cost to the POS software, and provides strategic benefit to the company by enhancing the budgeting process. However, the ROI investment analysis for the budgeting software indicates that it would take nearly three years to reach investment payback, leading the steering committee to make this request a lower priority when compared with the POS software request.

The other investment request is sponsored by the merchandising team, which seeks to deploy a new software system to help with markdowns for apparel that is not selling. The cost for this software is about $1 million. Although costly, the quantifiable benefits for this software are high, leading to a strong NPV and payback. However, because the company considers itself a high-end retailer with a mission to satisfy its customers, the steering committee considered the value of marking down merchandise to be less than the value for customer-facing POS software. But the committee considered the markdown software to be a more valuable investment than the budgeting software.

After considering the ROI analysis, risks, and mitigating strategies associated with the three business cases under evaluation, the steering committee decided to fund both the POS and markdown software but reject the request for budgeting software. This example illustrates how ROI analyses, when used as part of a well-rounded business case, helped the steering committee prioritize technology investment decisions.

Organizations should evaluate formally prepared business cases for determining whether to invest in costly technology. Organizations that are adept at making such investments create a common business case framework that provides a detailed ROI analysis. To ensure that investment dollars are spent properly, organizations must use a consistent evaluation process that weighs the strategic and quantifiable benefits of competing investments when prioritizing funding decisions.

10. Build better budgets with the power of forecasting

Nearly all financial analysts and managers understand the importance of a strong budgeting process, but many would be hard-pressed to describe their company's process as world class. Many companies carry out their budget process as a one-time, isolated event. By using a static budgeting approach, companies lose the opportunity to adapt to constantly changing business conditions.

Companies need a flexible budgeting approach that enables them to respond to changing business conditions throughout the year. The integrated budgeting approach provides a framework that you can use to integrate forecasting and budgeting. By using the integrated budgeting approach, your company can adapt budget targets, strategies, and compensation to the changing business climate.

Benefits of budgeting

The budgeting process enables a company to determine next year's:

- **Financial targets** , including revenue, margin, profit, cash flow, and debt levels.
- **Operating targets and key performance indicators** , including inventory turns, product and service quality, supplier effectiveness, sales closing rate, and customer satisfaction.

Developing financial targets is critical to a well-designed annual operating strategy and performance incentive framework. A strong budgeting process also provides a direct link to the organization's overall strategy, management buy-in on strategic goals, and the identification of the assumptions that drive the budget.

Static budgeting limits your options

In an ideal world, companies that use successful budget processes can reap the benefits of good budgeting. In reality, few companies do. Many companies do not realize all the benefits of good budgeting because they consider their budgeting season a one-time event. These companies do not reopen their budgets until the following budget season.

By following a static budgeting process, you lose two major opportunities. You are unable to reassess budgeting assumptions and to adjust operating and compensation strategies in response to changing business conditions.

You can't revise your assumptions

When creating a static budget, management essentially makes its best educated guess about next year's performance. The prediction is based on certain assumptions. As economic, market, competitive, and operating events unfold, the

assumptions prove to be either right, wrong, or somewhere in between.

Sometimes management's assumptions totally miss the mark, leaving the organization vulnerable to risk. As a result, the original operating budget might look like a very poor educated guess by Month 4.

You can't adjust your strategies

If you base your budget on incorrect assumptions, your operating strategies might be addressing targets that should now be of lower priority. Your company might also need to adjust its compensation strategy. If the company will not meet its key performance targets, low employee morale might occur when employees anticipate that they might receive reduced variable pay at the end of the period.

Static budgeting in action

To see how static budgeting holds a company back, consider the example of a small regional retailer of high-end apparel.

Company's objectives   The company developed a plan that focused on three objectives: annual revenue growth of 20%, customer satisfaction of 99.99%, and maintaining its premium brand image. The company considered earnings an important afterthought, based on the company's previously high margins relative to its peers and the strong economy.

Management set the annual operating budget and strategy with these three high-level objectives in mind. An annual bonus plan drove compensation and tied employees to the objectives (33.3% for each target).

Changing economic conditions   As the year progressed, economic conditions unexpectedly began to sour. As a result, the customer base began shifting to discounters, reducing revenue. By midyear, employees lost faith in the annual budget and feared that they wouldn't receive their bonuses.

Company's response to decreasing revenue   To combat decreasing revenue (and to help meet bonus targets), management promoted certain products. However, the company did not substantially lower prices in order to protect the store's premium image, which a brand consultant measured quarterly. To ensure strong customer satisfaction (also measured quarterly by a consultant), the company continued its lenient return policy.

End-of-year results   Not surprisingly, operating results quickly deteriorated. By the end of the fiscal year, the company had an enormous loss. Even so, many employees received partial bonuses for meeting customer satisfaction and brand perception targets. Because of aggressive discounting, the company achieved a portion of its revenue target, causing incentive payouts despite the company's large

operating loss. After the year was over, management laid off 10% of the workforce in an attempt to cut costs.

Analyzing the company's situation Why did this company pay bonuses despite a poor operating year that resulted in huge losses? Was the original plan and operating strategy flawed? Though it's highly simplified, this case illustrates how a static budgeting process can weigh down a company. The section "Integrated budgeting in action" addresses how this company could have adjusted its strategy midstream if it had a more flexible budgeting process.

What is integrated budgeting?

Integrated budgeting is a flexible budgeting framework that integrates forecasting within the budgeting process. By using integrated budgeting, you can respond to changing business conditions throughout the year and avoid the pitfalls of a static budgeting process. Integrated budgeting consists of five elements.

Classification of performance targets Management needs to prioritize financial and operating targets. The company should treat primary targets as relatively immovable during the fiscal year, regardless of changing business conditions. Secondary targets can be modified, exchanged, or even eliminated in order to support primary targets.

Operating reviews Operating reviews are the heart of integrated budgeting. Conducted on a quarterly basis, operating reviews provide the key stakeholders in the budget process with a forum to assess results and realign targets, strategies, and compensation.

Budget reforecasting Integrated budgeting relies on reforecasting that uses the rolling budget and forecast to assess operating results. Stakeholders can use the rolling budget and forecast to see the variances from the budget targets to actual results and to analyze the causes of any variances. This tool also provides the workspace where you can conduct a "look-ahead forecast" to analyze the effects of changing certain assumptions or targets for the remainder of the fiscal year.

Realigned operating strategy After you develop a look-ahead forecast, management should reevaluate operating strategy to focus on meeting new objectives.

Realigned compensation The critical missing link in aligning strategy to performance is often compensation. If the organization bases management and employee compensation at least partly on enterprise or business unit performance, performance goals should be reset after the operating review.

To avoid renegotiating compensation targets, management should change compensation targets selectively. In general, if the organization is not meeting key

performance targets, management must stick to these targets and allow flexibility only for top performers.

Integrated budgeting in action

To see how a company can benefit from using integrated budgeting, consider again the example of the small regional retailer of high-end apparel discussed in the "Static budgeting in action" section. What would management have done if they used a robust and flexible budgeting process rather than a static budgeting process?

The five integrated budgeting elements provide a structure for comparing what the company did using a static budgeting process with what they could have done if they used an integrated budgeting process.

Classification of performance targets

- **Static budgeting** The company's original priorities were aggressive revenue, customer satisfaction, and a strong brand image. Though they are worthy, these goals required tradeoffs that resulted in poor operating performance. Management needed to decide which of these goals were primary and secondary so that the company could make midstream adjustments.
- **Integrated budgeting** At the beginning of the year, the retailer could have classified brand image and customer satisfaction as primary goals and revenue growth as a secondary goal.

Operating reviews

- **Static budgeting** Management continually adjusted operating strategies by implementing new promotions at the local level without considering all of the causes of the revenue shortfall. Management also did not focus on remedial actions that it could have taken in response to the revenue shortfall.
- **Integrated budgeting** The retailer could have conducted operating reviews on a quarterly basis. During the Quarter 1 review, after assessing the economic situation, management could have upgraded operating income to a secondary goal that had a higher priority than that of revenue growth.

Budget reforecasting

- **Static budgeting** Despite the dramatic change in business conditions, the retailer did not formally adjust targets in response. The static budget became a relic, as opposed to being a key management tool.
- **Integrated budgeting** The retailer could have used a rolling budget and forecast to determine the causes of key variances. Obvious causes were the economy and competitors that were stealing business with copycat apparel lines. Management could have revised the look-forward forecast to reflect a weaker economy. To spur revenue growth, management could have developed several new marketing strategies that did not compromise brand

image or customer satisfaction.

Realigning operating strategy

- **Static budgeting**   Management did not comprehensively adapt its operating strategy to respond to changing business conditions. The retailer implemented program strategies locally, focusing on achieving secondary targets at a high cost.
- **Integrated budgeting**   The retailer could have implemented new competitive and marketing strategies based on the operating review reforecast. After evaluating the reforecasted budget, management could have cut costs by reducing the workforce by 2%, cutting the bottom 2% of performers.

Realigning compensation

- **Static budgeting**   Because the company used a static compensation plan, employees focused on meeting targets that were not in the company's best interest.
- **Integrated budgeting**   For the last three quarters, the company could have modified compensation by using a "60/40 plan" with compensation based on the following: 30% on customer satisfaction, 30% on brand image, 20% on operating income, and 20% on revenue growth. Quarter 1 bonuses could have been paid under the old plan to eliminate renegotiating. Management could give a select group of high achievers (the top 10%) concessions to ensure continued motivation.

Benefits of integrated budgeting

By using the integrated budgeting approach, the apparel retailer could gain many benefits.

Focus   Instead of chasing multiple and often conflicting performance targets, the retailer would have had the flexibility to refocus on the core targets (brand image and customer satisfaction) that were achievable during the economic downturn. Management would have been able to more effectively consider the tradeoffs between targets, which might have helped stem a large operating loss that led to layoffs.

Workforce alignment   The average employee's variable compensation would have been better aligned with the company's overall performance.

Fairness   Employees would not have been completely demotivated by the poor economic conditions (particularly top employees, who would have enjoyed more compensation flexibility). Likewise, the company would have likely paid out deservedly smaller bonuses, which makes sense when operating results are poor.

Innovation   By conducting quarterly operating reviews, management could have reviewed reforecasted budgets in order to determine the causes of variances. A

more intelligent forecast of future activity could have been built. The operating review would have become a forum for innovation, where key players discuss the challenges of the business climate and create strategies to overcome the challenges.

11. Build better budgets

The integrated budgeting approach provides a method that you can use to lead your company's response to ever-changing business conditions. By adding forecasting to the budgeting process, your company can successfully adapt to the situations that defy the initial budgeting assumptions.

About the author BearingPoint provides business consulting, systems integration, and managed services to Global 2000 companies, medium-sized businesses, and government organizations.

PART 4. HUMAN RESOURCE MANAGEMENT

1. Conduct an effective pay study

Why conduct market pay studies?

Seventy-five percent of all employees are looking for new jobs, according to the 2004 U.S. Job Recovery and Retention Survey released by the Society for Human Resource Management (SHRM) (www.shrm.org) and CareerJournal.com. These survey results also reveal that 43% of employees who are job searching seek better compensation.

Market pay is the compensation paid for a specific job, including information about bonuses and benefits, that is determined by a continual analysis of the competitive job market. Increasingly, with data so readily available, your candidates and internal employees are negotiating their salaries armed with knowledge of market pay data. As an employer, you should be prepared to respond. Market pay data should be a part of your organization's overall strategy to determine equitable compensation. Otherwise, you might not remain competitive.

Recently, a CFO job candidate negotiated his salary with a small company. His potential salary, from legitimate market pay studies, ranged from $120,000 to $210,000. The potential employer, because of its size, needed to settle at the low end; the candidate, of course, sought the higher end.

During the negotiations, the candidate cited six market pay studies, which added to the complexity of the discussions. Market pay studies identified by the potential employer, however, convinced the candidate that the company's offer was worthy, though not necessarily what the candidate desired. The company and candidate settled at $170,000.

2. How market pay studies help your organization

A recent study by WorldatWork (www.worldatwork.org), an association for compensation and benefits professionals, found a correlation between an employee's satisfaction with pay and an understanding of how the employee's organization determined pay.

Although many organizations use salary surveys and other market data to determine pay ranges, only 36% of the people responding to 2004 U.S. Job Recovery and Retention Survey knew how their pay rate compares with market rates. A similar percentage of survey respondents were unclear about how pay ranges and rates were determined in their organizations.

Because a key factor in employee retention is satisfaction with pay, this figure should serve as a signal to employers that they need to conduct market pay studies and communicate the results to their employees.

In addition to retention, effective market pay studies also help your organization:

- Carry out your compensation philosophy (above market, below market, and at market).
- Attract talented employees.
- Negotiate fair compensation with candidates.
- Control compensation costs.
- Communicate the rationale for salary grades and ranges.
- Improve employee satisfaction through fair compensation practices.
- Improve interaction with and trust in management.

To accomplish these results, you should create and maintain an effective market pay measurement system, and you should be knowledgeable about how to integrate salary surveys into your company's compensation philosophy and practices.

How to conduct an effective market pay study

In an ideal world, you'd develop a list of companies that have positions similar to your company's positions, and then you'd communicate job descriptions and pay ranges for each position. You would then have the market pay information needed to establish and communicate employee compensation.

In reality, collecting data that accurately reflects the market rates for jobs in your organization is more difficult. Because your organization's best comparable jobs are likely to be those of your main competitors, information-sharing is unlikely. As you conduct a market pay study, keep in mind that you should use market pay data as part of the overall strategy — not as the sole strategy — to determine equitable compensation within your organization.

Traditional job evaluations, reporting relationships, and comparable jobs in similar pay ranges should all help drive your compensation. Your organization's compensation philosophy and commitment to fair, equitable, and nondiscriminatory pay practices must also play a role, in addition to conducting market pay studies.

Conduct an effective market pay study

1. Assess all jobs within your organization by using job analysis to produce detailed job descriptions. This step is critical. Employees who know that their compensation is partially determined through market analysis of comparable jobs are more likely to object to their compensation if the job descriptions that are used for comparison do not accurately reflect the content of their jobs.
2. Identify salary surveys that most accurately match your organization's types

of jobs in your geographic region. Geography is a critical factor because it includes variables such as the local cost of living, the availability of needed talent in the region, and the condition of the local economy. The most valuable data also factors in the size of a company, the number of employees, and the size of a community. In addition, you can glean more information from surveys that show the number of jobs that were averaged to determine the salary range for each type of job.

Obtain salary surveys that best reflect your jobs

1. Obtain salary surveys through your national professional organizations, local companies, and community groups such as the Chamber of Commerce, local IT groups, and local professional associations. Keep in mind that smaller groups, especially those that generate market data through member surveys, have fewer points of data comparison and have many jobs with no relevant data for a company of your size.

2. Look into national organizations that produce market pay studies. The information from Compdata Surveys (compdatasurvey.com), for example, provides real data collected from thousands of companies across the United States. Other sources for market pay data include Salary.com and the WorldatWork vendor directory.

3. Benchmark or match each of your jobs to comparable jobs in the salary surveys that you selected. To perform the benchmarking, use a cross-functional team or work with employees across departments. Make sure that you:

   ◦ Match jobs to job content, not to job title. As examples, a human resources (HR) generalist in your company might perform all of the responsibilities carried out by an HR manager in a larger company.

   ◦ Match jobs to the job content, not to the person currently filling the role.

   ◦ Match jobs as closely as possible. In smaller companies, employees tend to have many diverse roles. When matching comparable jobs in larger companies with a similar job in your smaller company, be mindful of these role differences. For example, in a smaller company, a marketing manager might also be responsible for selling products in the field. The market data for this kind of position should analyze both job types.

   ◦ Match jobs by using your company's compensation philosophy. If your company pays above-market wages to attract superior candidates, benchmark your jobs above the 50th or 75th percentile. If your company practices variable compensation, benchmark those jobs with bonus potential figures.

You might find that some market pay surveys are more useful to your organization than others. Some surveys more accurately reflect your jobs and the salary levels with which you attract superior candidates. These surveys allow for more equitable division of the pay in your budget by the positions in your organization.

Market pay studies are critical for establishing equitable and fair compensation within your organization. Attracting and retaining superior employees for your jobs is critical to your success as a business, particularly as demographic changes (such as population aging) create a more competitive job market because there are fewer candidates. You can't afford to let the market pass you by. An effective market pay study is your answer.

3. Develop pay scales by using market pay data

Market pay is vital

Is the pay in your organization competitive with the pay in today's job market? You can answer this question by taking a look at the quantity and caliber of the applicants who you are attracting. Equally, high employee retention rates demonstrate a great deal about your organization's competitiveness in the marketplace.

Regardless of what workplace studies reveal, working is about compensation. Working can be about much more, too, but the bottom line for people is that their work must pay their bills. Employees desire reasonable, viable, and market-responsive salaries. Compensation is the visible demonstration that an employee's work is valued. Consequently, effective compensation is one of an employer's most important and powerful communication tools.

Collecting market pay data

Therefore, the value that you assign to jobs in your organization's compensation system should be driven by the most up-to-date information about market pay. You can obtain practical market pay data, which includes information about salary, benefits, and bonuses, from a continual analysis of the competitive job market.

Large organizations, which have many resources and compensation professionals, might even design and administer custom surveys to regularly obtain market pay data. Smaller organizations must use market surveys conducted by national, local, and professional associations.

Or you can match your jobs to commercially available compensation studies that provide compensation information for:

- Your industry
- Your geographic region
- Your company size
- The number of people that you employ
- Your job descriptions

Assess the potential value of salary survey data by the method used to compile it and the similarity of the data's job descriptions to the jobs you need to match.

In addition to salary surveys, you can collect market data from similar organizations, although you might want to avoid the illusion of price fixing. Market information is also available from colleagues, from professional association surveys of members, and from the National Compensation Surveys available on the Bureau of Labor Statistics site (www.bls.gov). You can get an indication of the average pay for particular jobs by searching online job boards.

How to use market pay data to construct pay scales

Regardless of your market pay data sources, you should use the following steps to apply market pay data for developing appropriate pay scales:

1. Verify that your data is correct, and match the data to your specific job descriptions to appropriately value each job.
2. Arrange the jobs along a market line according to the value of the job as determined by your market pricing data.
3. Use the market line to develop pay grades by grouping jobs with similar market values. The number of pay grades that you need is determined by the number of hierarchical levels you have in your organization. Numbers of levels of supervision, technical sophistication of jobs, and your desire to create ranges that allow for career development without promotion are also factors in determining the number of pay grades.
4. Determine the pay range for each pay grade. The pay range is the distance between the minimum and the maximum compensation point allotted to each job. This allocation is the result of your market pay data research and your internally conducted job evaluations. Jobs with lower salary values have more narrow ranges, and executive jobs have the largest salary ranges. According to the Society for Human Resource Management site (www.shrm.org), the following are common ranges:
   ◦ Nonexempt manufacturing: Narrow range of 20%–25%, or flat rate
   ◦ Nonexempt clerical: Relatively narrow range of 30%–40%
   ◦ Exempt professional, administrative, supervisory: Wider range of 40%–50%
   ◦ Exempt managerial and executives: Widest ranges of 50% or more
5. Calculate a minimum point, midpoint, and maximum point in each pay range, with equal distance between each point. According to the SHRM Web site, the following is a typical pay structure:
   ◦ Production employees: 10%–20%
   ◦ Clerical employees: 20%–40%
   ◦ Exempt employees: 35%–50%
   ◦ Management employees: 45%–60%
6. Draw a market line across your pay grades based on your organization's compensation philosophy.
   ◦ Organizations that have highly technical, hard-to-replace positions might want to draw their organizational pay line across the 75th percentile and pay above-average wages.

- Stable industry organizations might want to pay below the midpoint but compensate with better-than-average benefits.
- Organizations with high turnover and ongoing training might want to pay at the minimum point, because employees are expected to work only short-term assignments.

7. Assign the appropriate value to each job based on your organization's compensation philosophy and the qualifications, experience, potential contribution, and market value of each job holder.

What is a broadband pay structure, and why does it matter for market data?

In a broadband pay structure, the numbers of salary grades are consolidated. Fewer ranges mean that the spread of the ranges is wider and that there is less overlap with other ranges.

Broadband pay structures evolved as organizations sought to flatten their hierarchies and move decision-making responsibilities closer to the point of the necessity and knowledge in organizations. In flattened organizations, fewer promotional opportunities exist.

Broadband pay structures therefore provide an opportunity for career growth without the necessity for promotion. Broadband pay structures encourage the development of broad employee skills, because nonmanagerial jobs are appropriately valued and skill development is rewarded.

These pay structures are not as sensitive to rapidly changing market pricing conditions, so they cost less to administer and manage. According to Keith Fortier and Christopher Fusco, in their Salary Structures white paper on Salary.com: "Whereas the design characteristics of traditional structures emphasize internal equity and focus the employee's attention on the world inside the firm, broadbanding focuses employees on the changing needs of the organization and helps them experience an internal culture that more closely reflects the external business environment and the competitive recruiting market."

Conclusion

Market pay data is an essential component in developing a salary structure for your organization. Combined with job evaluation data and your organization's commitment to internal pay equity, market pay data is the best tool for developing pay grades and pay ranges. Broadband pay structures, touted since the early 1990s, offer an additional opportunity to use the interchange between your internal pay structures and the marketplace.
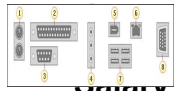
Company Name

Salary Analysis Template

This form will assist you with analyzing salary information you have obtained through salary surveys or other methods. Fill out the appropriate information for your business and your competitors in order to compare and analyze differences in the various categories.

Salary Comparison Sheet 1					
	Our Organization	**Local 1**	**Local 2**	**Industry 1**	**Industry 2**
Position Title					
Base Salary					
Benefits *(check if employer provides)*					
Medical	☐	☐	☐	☐	☐
Dental	☐	☐	☐	☐	☐
Vision	☐	☐	☐	☐	☐
Life Insurance	☐	☐	☐	☐	☐
Other (specify)	☐	☐	☐	☐	☐
Stock Options					
Retirement Benefits					
Perks					
Additional Benefits					

Salary Comparison Sheet 2					
	Our Organization	**Local 1**	**Local 2**	**Industry 1**	**Industry 2**
Position Title					
Base Salary					
Benefits *(check if employer provides)*					
Medical	☐	☐	☐	☐	☐
Dental	☐	☐	☐	☐	☐
Vision	☐	☐	☐	☐	☐
Life Insurance	☐	☐	☐	☐	☐

Other (specify)	☐	☐	☐	☐	☐
Stock Options					
Retirement Benefits					
Perks					
Additional Benefits					

4. Collect and protect confidential HR information

HR professionals often work with personal information about employees, such as medical and financial records. This data is useful for developing important HR reports, but it isn't just data — it's private information. Your challenge is to use the data you need to keep your business practices efficient and competitive and still respect employee confidentiality.

Note You can create content with restricted permission using Information Rights Management only in Microsoft Office Professional Edition 2003, Microsoft Office Word 2003, Microsoft Office Excel 2003, and Microsoft Office PowerPoint 2003.

You can create e-mail messages with restricted permission using Information Rights Management only in Microsoft Office Professional Edition 2003 and Microsoft Office Outlook 2003.

Controlling how content is viewed and shared

Information Rights Management (IRM) technology can help protect the confidentiality of employees' personal data by enabling the people who are compiling and sharing the information — HR professionals — to set rules that control how the information can be viewed, by whom, and for how long. It's easy to create confidential content in Microsoft Office Word, Microsoft Office Excel, or Microsoft Office PowerPoint® — and distribute it using Microsoft Office Outlook® 2003 — by following a few simple steps.

You define permissions for files individually, so that each file is safeguarded appropriately for its content and audience. Recipients can open the document, workbook, or presentation as usual — but they can work with the content only according to the permissions you set.

Set permissions for a file

1. Start Office Word 2003, Office Excel 2003, or Office PowerPoint 2003, and open or create a document, workbook, or presentation.
2. On the **File** menu, point to **Permission** , and then click **Do Not Distribute** .
3. In the **Permission** dialog box, select the **Restrict permission to this < file type >** check box.
4. In the **Read** and **Change** boxes, type the names or e-mail addresses of people you want to give permission to. If you want to give all users permission, click **Give all users Read access** to the right of the **Read** box, or click **Give all users Change access** to the right of the **Change** box.
5. Click **OK** , save your document, workbook, or presentation, and distribute to the people with permission.

Tips

• You can also restrict permission for a document, workbook, or presentation

by clicking **Permission** on the **Standard** toolbar (toolbar: A bar with buttons and options that you use to carry out commands. To display a toolbar, press ALT and then SHIFT+F10.) .

- If you want to use a different user account to create content with restricted permission, point to **Permission** on the **File** menu, and then click **Restrict Permission As** .

- To use a custom permission policy (permission policy: An approach to restricting permission for a given document, workbook, presentation, or message. The policy defines which Office features are available, which information can be accessed, and what level of editing is allowed.) that an administrator has created for people within your company, point to **Permission** on the **File** menu and then click a custom permission policy on the submenu.

More permission options

You can add and refine permission settings by clicking **More Options** in the **Permission** dialog box. Do any of the following:

Set an expiration date for content

1. On the **File** menu, point to **Permission** , and then click **Do Not Distribute** .
2. In the **Permission** dialog box, click **More Options** .
3. Under **Additional permissions for users** , select the **This < file type > expires on** check box, and then select an expiration date from the calendar.

Include referral information

1. On the **File** menu, point to **Permission** , and then click **Do Not Distribute** .
2. In the **Permission** dialog box, click **More Options** .
3. Under **Additional settings** , select the **Users can request additional permissions from** check box, and then enter a valid e-mail or Web address — for example, mailto:someone@example.com. Your e-mail address appears in the text box by default.

Note If you've previously selected the **Remove personal information from file properties on save** check box (**Tools** menu, **Options** command, **Security** tab), and you've saved your document, workbook, or presentation after you've restricted permission for it, no referral address appears by default.

Allow users to view content without Microsoft Office 2003

1. On the **File** menu, point to **Permission** , and then click **Do Not Distribute** .
2. In the **Permission** dialog box, click **More Options** .
3. Under **Additional settings** , select the **Allow users with earlier versions of Office to read with browsers supporting Information Rights**

Management check box.

Require users to connect to the Internet to open content with restricted permission

1. On the **File** menu, point to **Permission** , and then click **Do Not Distribute** .
2. In the **Permission** dialog box, click **More Options** .
3. Under **Additional settings** , select the **Require a connection to verify a user's permission** check box.

Change a user's access level

1. On the **File** menu, point to **Permission** , and then click **Do Not Distribute** .
2. In the **Permission** dialog box, click **More Options** .
3. In the list of users who have permission, click the user whose access level you want to change.
4. Under **Access Level** , point to the current access level for that user, click the arrow, and then select a new access level.

Distributing protected files using Outlook

Using IRM, you can create rules and policies that specify who can read messages. This helps to prevent sensitive e-mail messages from getting into the hands of people who shouldn't see them. You can also specify that recipients may not copy, paste, print, forward, or edit the information. You and the recipients of your messages can worry less about information leaks that can lead to negative perceptions among employees.

If recipients don't have Outlook 2003 installed on their computers, they can download the Rights Management Add-on for Microsoft Internet Explorer or another program that supports content with restricted permission.

Note   When you attach a Microsoft Office 2003 document to a message with restricted permission, you automatically restrict access to the document. If permission is already restricted for the attached document, the attachment retains its existing permission.

The Permission button

Use the **Permission** button on the Outlook toolbar to restrict permission on an e-mail message for specific recipients. Click **Permission** again to remove restricted permission. Recipients can open and read an e-mail message with restricted permission just as they would a message that doesn't have restricted permission — but they can't forward, print, or copy the content.

Message expiration

You can set messages to expire so that they are unavailable or obsolete after a

certain date. To set an expiration date for a message:

1. On the Outlook toolbar, click the arrow next to **Options** , and on the drop-down menu that appears, click **Options** .
2. In the **Message Options** dialog box, under **Delivery options** , select the **Expires after** check box, choose a date and time, and then click **Close** .

When a message expires, the message header remains visible in Outlook folders with a line through the header text, but recipients cannot open or take any other actions on the message.

You can set a message expiration date without restricting permission for a message. In this case, when the message expires the header still appears with a line through it, signaling that the message has expired or is no longer valid. However, because the content was not restricted, recipients can continue to open and work with the message.

Permission policies

E-mail administrators can add up to 20 custom permission policies to the **Permission** submenu of the **File** menu. These permission policies define who can read messages and what actions recipients can take with those messages. For example, an e-mail administrator might define a policy called "Company Benefits: Confidential" that specifies that a message using that policy can be opened only by people inside the company domain.

Troubleshoot using IRM with Outlook

I want a message with restricted permission to expire on a particular date for the message recipients, but I am worried that I won't be able to access the message after the expiration date.

As the sender of a message with restricted permission, you can access the content after its expiration date.
I was able to open an e-mail message with restricted permission previously, but now I can't.
Permission to open the message may have expired. You might want to contact the sender to ask for the message to be sent again without an expiration date or with a new expiration date.
I replied to an e-mail message with restricted permission, but the original message wasn't included.
When you reply to a message with restricted permission, the message body of the original message isn't included in your reply message. Any attachments to the original message are also removed. However, when you forward a message, the original message is added as an attachment to the forwarded message.
When I try to open an e-mail message I received, Microsoft Office Outlook 2003 says I need to use a .NET Passport to access the message.

The sender of the message chose to restrict permission for the message by using a Microsoft Windows Rights Management server that uses Microsoft .NET Passport for authentication (authentication: In a multiuser or network environment, the process of validating user logon information. A name and password are compared to an authorized list, and, if there is a match, access is granted with the level of permission specified.) . You must have an Information Rights Management (IRM) license in order to read the message.

If you receive a message with restricted permission applied by the sender using .NET Passport for authentication, you must obtain a .NET Passport for the e-mail address the sender used to contact you. After you have obtained a .NET Passport for this e-mail address, you will be prompted to verify your credentials for the message when you open it. Then you will receive a Rights Management license, and you can read the message.

I can't open an e-mail message with restricted permission when I am working offline.

In some cases, e-mail messages with restricted permission require you to connect to the Internet to verify your credentials and confirm that you have been given permission to read the message. After you have verified your credentials for a document, workbook, or presentation for the first time, you will be able to open the message when you are working offline.

An attachment I included in a message with restricted permission now has restricted permission, too.

When you compose an e-mail message with restricted permission and include attachments, by default Microsoft Office 2003 documents, workbooks, and presentations that do not have restricted permission take on the permissions that you set for the message. If permission is already restricted for the attached file, it retains its existing permission.

Attached files that do not support restricted permission can be opened by anyone who has permission to open the message.
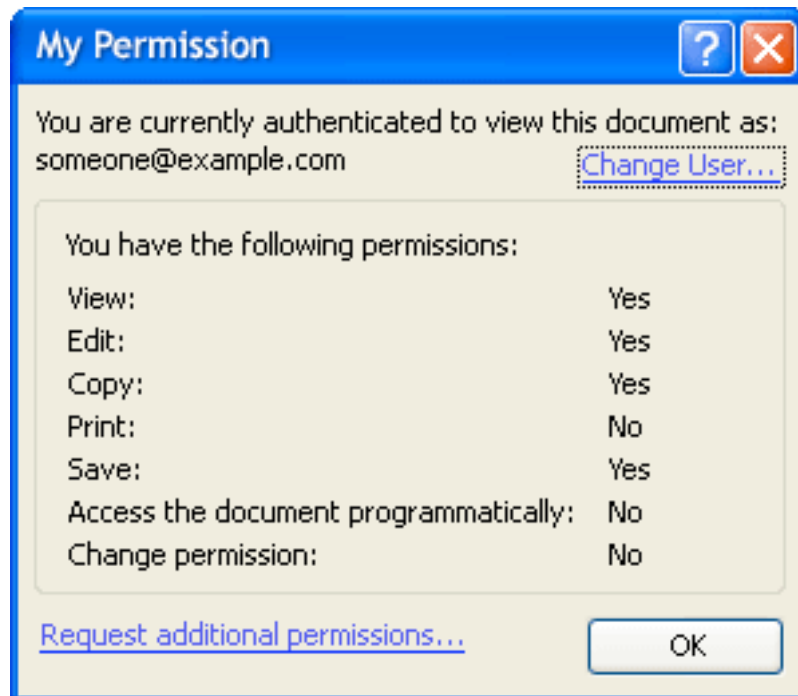
Viewing content with restricted permission

Viewing content when Office 2003 is not available

If you need to read or open content with restricted permission but don't have Office 2003 available on the computer you're using, you can download the Rights Management Add-on for Microsoft Internet Explorer or another program that supports content with restricted permission.

Viewing your permissions in Word, Excel, and PowerPoint

In Word, Excel, and PowerPoint, you can view the permissions given to you in the **My Permission** dialog box. (In the **Shared Workspace** task pane, click **View my permission** .)

My Permission

You are currently authenticated to view this document as:
someone@example.com   Change User...

You have the following permissions:

View:	Yes
Edit:	Yes
Copy:	Yes
Print:	No
Save:	Yes
Access the document programmatically:	No
Change permission:	No

Request additional permissions...   OK

5. Training and Development Managers

Solve the return-on-investment puzzle

Training is often defined as acquiring skills that improve performance. Today's training and development managers also know that success depends on consistently enhancing employee performance. Changes in technology, workplace diversity, and global markets have focused even more attention on training. According to the American Society of Training and Development (ASTD), companies in the United States spent $54.2 billion on training in 2003.

Understandably, management wants to know the return on this enormous investment. When designing a training program, it's critical to determine a reasonable budget and then to convince management it's worth spending the money. You need to make a business case showing that the training dollars are justified by the potential return.

Know the importance of ROI

When a company is focused on keeping down expenses, it can be difficult to justify people programs, such as training, that cost significant amounts without showing a clear return. There's probably a limited pool of dollars out there, and you're competing with other budget requests and priorities.

The more prepared you are to talk numbers — the language of business — the more likely you are to win approval for your budgets and programs. You also increase the odds that the human resources department will be seen as a valuable internal business partner.

Define success up front

Where does the training and development manager need to begin? Start investigating the return on investment (ROI) by identifying what success looks like. Answering the following questions helps:

- What strategic intent must the training address (for example, lack of a critical skill in the work force, or the need to build new skills to move in a new direction)?
- What should happen as a result of the training (for instance, what different behaviors that are of value to the business should be evident when trainees return to their jobs)?

Quantify the return on investment

After you confirm the desired success factors, you can develop a business case by

quantifying the dollar impact of meeting those factors.

For example, if training will result in improved worker speed in a particular unit, the dollar impact can be quantified in terms of fewer worker hours needed to run that part of the business. Training might also have a measurable impact on overall employee head count, benefit costs, or even overtime expenditures.

Let's say you conservatively estimate saving $2 million a year through a training program. If your training budget is considerably less than $2 million, you have made your business case.

Develop a training budget

Now, to determine the cost of the proposed training program, you need to consider these factors:

- Number of training sessions needed
- Number of participants
- Expenses for meeting space, meals, travel, and training materials
- Any fees for outside trainers or consultants either for preparing the training or for conducting the training, or both
- Overtime costs if other employees must work extra hours to cover for those employees in training
- Cost of lost productivity, including the time that participants spend at training sessions instead of at work, as well as staff time devoted to organizing the training

Let's estimate a one-time cost of $200,000 for these elements of your proposed training program. Using the previous example, the training program has a return of $2 million, which is ten times higher than its cost. You can now bring a very compelling case to management that makes approval of your budget far more likely than if you had proposed spending $200,000 on training with an unknown return.

Measure outcomes

In order to find out whether your program had the desired result or whether the training needs fine-tuning, you need to measure what actually happens after training. When you define measures of success at the beginning of a training project, make sure that you also identify how that success is to be monitored and assessed. This process might include setting up ways to capture and track various business metrics.

One way that can be useful is to compare groups or time periods, that is, compare employees without training with other employees who have received training, or compare employee performance before training with employee performance after training. Two common methods are:

- **Pretest/posttest** This method bases evaluation on the difference between participant measures taken before training and participant measures taken after training.
- **Control group** This method bases evaluation on the difference between individuals who didn't receive training and those who participated in the program.

Determine ROI on an `ongoing basis

Training can be a big human capital investment, so it calls for a careful business case and attentive measuring of the impact on your business. As you go through these steps for each training issue, and as you compile the results, the process of determining the ROI and presenting your findings will become smoother and clearer.

More information

- Training rollout initiative and plan
- What's my job? A guide to planning the best training programs

About the author Mercer Human Resource Consulting assists clients in understanding, developing, implementing, and quantifying the effectiveness of their human resources programs and policies. Mercer Consulting also assists employers in creating measurable business results through their people.

6. Use what-if scenarios to allocate training resources

Microsoft Office Excel 2003
Projecting expense totals under various scenarios can be an important part of allocating training resources. It's often helpful to project more than one set of values to see how they affect results. You can do this easily with what-if scenarios—sets of input values that Office Excel can substitute automatically in your worksheet.

What-if scenarios can help you answer questions such as:

- How would training only new employees affect training costs?
- What would my estimated total training expense be if I outsourced training?
- Which is more cost effective—training all employees at the same time or training one group at a time?

You can create and save different scenarios on a worksheet and then switch among scenarios to view different results. You can also create a summary or PivotTable® list (PivotTable list: A Microsoft Office Web Component used to create an interactive list that summarizes and analyzes data, such as database records, from various sources. Users can view the list in a Web browser and change its layout.) with the results of all your scenarios.

Try it with a training budget analysis

To do a training budget analysis and see how changing the method, location, group of employees, or price affects your total training expense, you can define different values for these variables and then switch between scenarios to compare the results.

The following illustration shows a current training budget analysis for this example.

Training budget analysis: Current scenario

	A	B
1	**Cost comparison:** **Internal training vs. outsourced training**	
2	Number of employees to train	1,200
3	Fixed costs of internal seminar	$ 7,500
4	Variable cost per employee to train internally	$ 150
5	Total cost to train internally	$ 187,500
6	Cost per employee to outsource	$ 220
7	Total cost to outsource	$ 264,000

Note The scenario summary or report is easier to read if you name the cells or ranges of cells in your worksheet that contain variable data. In this example, you can name cell B2 **Emp_to_train** .

How?

1. Select the cell, range of cells, or nonadjacent selections (nonadjacent selection: A selection of two or more cells or ranges that don't touch each other. When plotting nonadjacent selections in a chart, make sure that the combined selections form a rectangular shape.) that you want to name. For example, click cell B2.
2. Click the **Name** box at the left end of the formula bar.
    Name box
3. Type the name for the cells. For example, type **Emp_to_train** .
4. Press ENTER.

Note You cannot name a cell while you are changing the contents of the cell.

Create scenarios

1. On the **Tools** menu, click **Scenarios** .
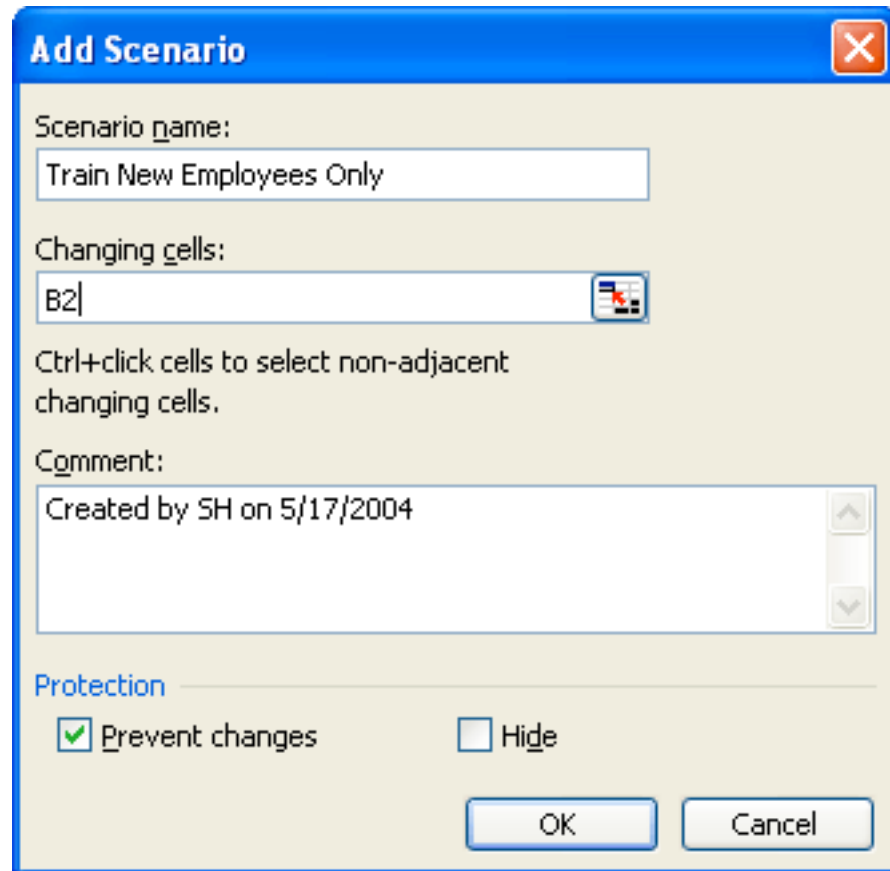
2. Click **Add** .
3. In the **Scenario name** box, type a name for the scenario, such as **Train New Employees Only** .
4. In the **Changing cells** box, enter the references for the cells that you want to change, or hold down CTRL and click each cell. In this example, to try a scenario of training only 200 new employees, click cell B2. **Note** To preserve the original values for the changing cells, create a scenario that uses the original cell values before you create scenarios that change the values.
5. Under **Protection** , select the options you want.
6. Click **OK** .
7. In the **Scenario Values** dialog box, type the values you want for the changing cells. For example, for $B$2 (number of employees to train), type **200** .
8. To create the scenario, click **OK** .
9. If you want to create more scenarios, click **Add** again, and then repeat the procedure. When you are finished creating scenarios, click **OK** , and then click **Close** in the **Scenario Manager** dialog box.

Display a scenario

1. On the **Tools** menu, click **Scenarios** .
2. Select the scenario you want to see, and then click **Show** . The values for the scenario are automatically substituted in your worksheet, so you can see

how they affect results.

Training budget analysis

	A	B	C	D	E	F	G
1	Cost comparison: Internal training vs. outsourced training		Scenario Manager				
2	Number of employees to train	1,200	Scenarios:				
3	Fixed costs of internal seminar	$ 7,500	Outsource discount			Show	
4	Variable cost per employee to train internally	$ 150	Train New Employees Only				
5	Total cost to train internally	$ 187,500	Train All Employees			Close	
6	Cost per employee to outsource	$ 280					
7	Total cost to outsource	$ 336,000				Add...	

4. When you are finished, click **Close** .

Create a scenario summary report or PivotTable report

1. On the **Tools** menu, click **Scenarios** .
2. Click **Summary** .
3. Click **Scenario summary** or **Scenario PivotTable report** .

	A	B	C	D	E	F
1	Cost comparison: Internal training vs. outsourced training		Scenario Summary			
2	Number of employees to train	200	Report type			
3	Fixed costs of internal seminar	$ 7,500	○ Scenario summary			
4	Variable cost per employee to train internally	$ 150	○ Scenario PivotTable report			
5	Total cost to train internally	$ 37,500	Result cells:			
6	Cost per employee to outsource	$ 280	=$B$5,$B$7			
7	Total cost to outsource	$ 56,000				
8			OK Cancel			
9						
10						

4. In the **Result cells** box, enter the references to the cells that contain results that are changed by the scenarios. In this case, click cells B5 and B7 to see how the scenarios affect the total cost to train internally and the total cost to outsource training. Separate multiple references with commas.

Note You don't have to specify result cells to generate a scenario summary report, but you must enter them for a scenario PivotTable report (PivotTable report: An interactive, crosstabulated Excel report that summarizes and analyzes data, such as database records, from various sources, including ones that are external to Excel.) .

The scenario summary report displays the variables for each scenario and the result cells.

Scenario summary

Scenario Summary									
		Current Values:		Lower Price		Higher price		Current	
Changing Cells:									
Price_per_unit	$	6.25	$	6.25	$	7.00	$	6.50	
Unit_sales		110,000		110,000		90,000		100,000	
Result Cells:									
Total_costs	$	540,000	$	540,000	$	460,000	$	500,000	
Total_revenue	$	687,500	$	687,500	$	630,000	$	650,000	
Profit	$	147,500	$	147,500	$	170,000	$	150,000	

The PivotTable report displays the result cells for each scenario. You can use the drop-down arrows to choose the results you want to be displayed.

PivotTable report

B	C	D
(All) ▼		
(All) ▼		
	Result Cells ▼	
Emp to Train ▼	Total Internal Cost	Total Outsource Cost
Train All Employees	187500	336000
Train New Employees Only	37500	56000

7. Plan a training Web site with help from Visio

Developing a human resources training Web site can be an intimidating project. As with any complex task, you need to start with a plan. And in order for the plan to work, it needs to be well organized and logically laid out.

How do you get started? How can you easily create a high-level design that enables you to collaborate with your colleagues and incorporate the best ideas into your Web site?

Plan the design — design the plan

Start with the Conceptual Web Site template in Microsoft Office Visio® Professional 2003. Use the template to create a diagram of your training site, and inspire collaboration by helping everyone visualize the purpose, content, and structure of the site.

This example walks you through a typical training Web site plan at a high level. You can use it as a guide to help you get started or change it to reflect your company's specific training needs and requirements.

Example of a Web site plan using the Conceptual Web Site template
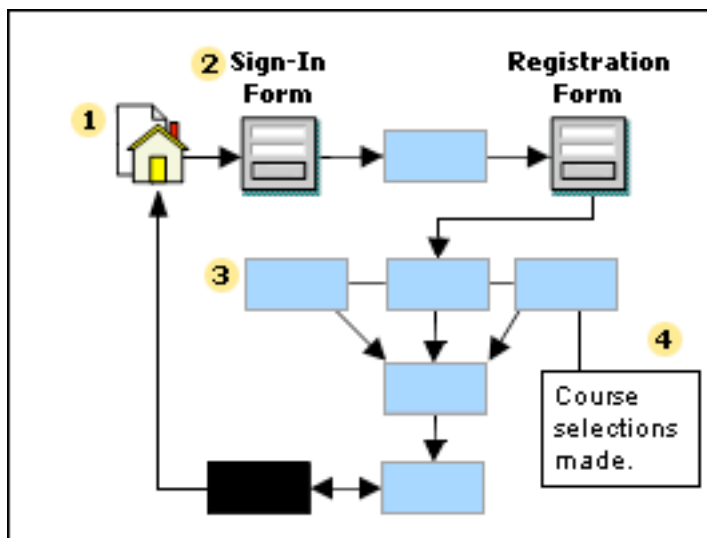
Home page shape

Form shape

Web page shapes

Box callout shape

Create a conceptual Web site

1. Start Visio.
2. On the **File** menu, point to **New** , point to **Web Diagram** , and then click **Conceptual Web Site (Metric)** or **Conceptual Web Site (US units)** .
3. On the **Standard** toolbar, click the connector (connector: Any one-dimensional (1-D) shape that can be glued between two shapes in a drawing to connect the shapes.) tool .
4. Because most Web sites typically have a home page, start there. Drag the **Home page** shape onto the drawing page from **Conceptual Web Site Shapes** .
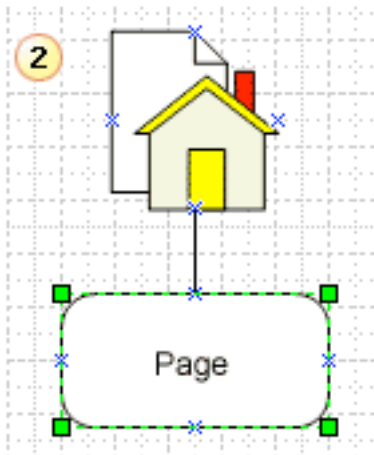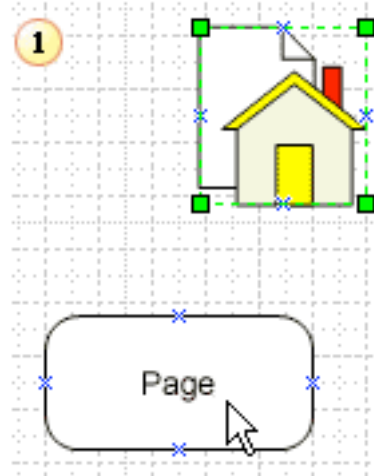
5. With the **Home page** shape selected, drag the **Web page** shape onto the drawing page. This can help convey the concept of users going from the home page to a new page on the training site. The shapes connect. **Note** Each new shape connects to the shape that is currently selected. With one shape selected, drag another shape onto the page. The two automatically connect.
6. Double-click the **Web page** shape that you just added to the drawing page and type **Course Selection** to describe the purpose of this page.
7. With the **Course Selection** shape selected, drag the **Form** shape onto the drawing page. This shape indicates that users will fill out a form. For

example, users might register for a course, or complete a form to help the HR department track who has taken which courses, and when.

8. Continue dragging shapes onto the drawing page and connecting them until you've completed your diagram.
9. If you want, you can annotate the diagram. How
    1. From the **Callouts** stencil, drag a callout shape onto the drawing page.
    2. Connect the callout shape to the shape with which the callout information is associated. How Do one of the following:
        - Drag an end point on the callout shape to a connection point on the shape with which the callout information is associated.
        - Drag an end point on the callout shape to the center of the shape with which the callout information is associated. A red outline indicates a proper connection.
    3. Double-click the callout shape to enter text. You can also adjust the width of the callout text block by dragging the callout shape's selection handles .
10. After you have all the elements of your training site in place, you can align and organize the shapes in your diagram to fine-tune it.
11. Save your conceptual Web site plan.

Collaborate and incorporate

Now it's time to collaborate with your colleagues on the training Web site plan. You can easily do this from within your Visio diagram by sending it out in an e-mail message.

1. In Visio, open your saved Web site plan.
2. On the **File** menu, point to **Send To** , and then click **Mail Recipient (as Attachment)** .
3. A new e-mail message automatically opens with your Visio diagram attached. The **Subject** line has the file name for your diagram. You can edit this or you can send the message in this form by entering the recipients' e-mail addresses in the **To** line and clicking **Send** . In the body of the e-mail message, be sure to include a reminder to review the attached file.

Incorporate any feedback into your Web site plan. With the plan completed, you're ready to move on to designing the site.

Now, put the plan to work

When you share your plan at an early stage, you encourage collaboration and inspire brainstorming sessions. Plus, you can easily ask for feedback on your plan while there's still time to consider everyone's ideas. With this kind of practical collaboration, you can be more confident that your new training Web site will be useful to everyone it's designed to serve.

PART 5. MARKETING

1. Build high-impact Web sites and drive traffic to them

In this day of advanced technology, one of the most important marketing tools you can have is a strong Web presence. Virtually every business must have a Web site as part of its marketing plan. But building a Web site is only half the job. "If you build it, they will come" might be true in the movies, but not on the Internet. You do, of course, need to design a terrific and easy-to-navigate Web site, but you must also drive traffic to your site. Deciding how you will drive traffic to your site is just as important as building the site.

Building your Web site

It isn't hard to develop a plan for your Web site if you follow some simple recommendations. When you design your Web site, make sure to include the following elements:

- Ease of use
- Consistent branding
- Must-have content

Ease of use

Web sites have been in existence long enough that people are used to seeing certain well-established conventions. This fact is particularly true of e-commerce sites. Much as they expect the layout of a grocery store to make sense, visitors to your site expect a site that is easy to use and to navigate.

- **Common layout characteristics** Users expect the menus on the left of the page or along the top of the page. They also expect a Home button on every page. Accommodate these expectations. Your site needs to be creative and engaging, not challenging to use.
- **Common terminology** Stick to established Web site menu terms such as "About Us," "Shopping Cart," and "FAQ." Navigating different Web sites should be like driving different cars. Aesthetics might differ, but the main controls are always in the same places.
- **Less scrolling** Don't write more text than you can fit into one maximized window. Content that doesn't appear in the maximized window might never be seen. If it's not possible to limit the text to one screen, at least keep the most important content at the top of the page, above the "fold line."
- **Three clicks to content** Regardless of where users are on your site, they should never be more than three mouse clicks away from where they want to be. It's a Web site, not a labyrinth. Do some usability testing, and simplify your site design wherever possible.

- **Keyword search feature** For a large Web site, the ability to search content based on keywords can help you adhere to the three-clicks rule. If your site has 40 or more pages, consider adding the keyword search feature.

Consistent branding

- **Look-and-feel** Be as consistent as possible with layout styles, color and font choices, and graphic elements (especially logo placement). The pages don't have to be identical as long as they look related. Make sure that the look-and-feel of your Web site is consistent with your other marketing materials, including your collateral, packaging, and promotional pieces.
- **Messages and tone** The same rule for look-and-feel also holds true for written content. Keep your company and product messages consistent throughout the site and across all of your other communication vehicles. Try not to follow a hip and dynamic tone with a staid and grave tone— it can be disorienting to your audience.

Must-have content

- **Your business** One of the first things a user should see on your home page is your company name and description. This is your first chance to position yourself. Keep your company description as crisp and concise as possible.
- **Catalog** Offer an easy-to-find and clear description of your products and services. If possible, include photos, videos, or animations.
- **Pricing** List the prices wherever possible. In some cases (such as customized services), it's not possible; however, you might lose customers if you force them to call you unnecessarily.
- **Sales purchasing** Your products should be the easiest thing to do on your site. "Purchase," "Shopping Cart," and "Check Out" are recognized terms that should always be just a click away.
- **Contact us** Make it easy for users to contact you and to get additional information. Offer as much contact information as appropriate. You might need to vary your contact information by country, region, or department (for example, sales, customer service, or human resources).
- **Frequently asked questions** Many users instinctively head to the FAQ page to get information about everything from special promotions and pricing details to shipping and return policies. Provide your customers with this information in straightforward, easy-to-follow language.
- **Industry recognition** Prominently post press articles, press releases, customer success stories, and industry awards. This information builds credibility and keeps potential customers moving through the sales process.

Driving traffic to your site

After you have built your site, driving traffic to your Web site needs to be an ongoing process. There is much to do before and during the launch of your Web site, but it's also important to routinely assess how easy your company is to find on the Web after you launch your site. You can take several steps to ensure that customers can find you on the Web.

Choose a domain name

Ideally, your domain name (for example, msn.com, slate.com) needs be short, easy to spell, and easy to remember. You can use any one of a number of companies to reserve a domain name, and they all provide tools for determining whether a domain name is available or already taken.

Get listed on search engines

Search engines are a vital way for customers to find your site, so your first priority is to get your Web site listed on search engines such as MSN®. The following are the two ways to get listed:

- **List your site for free** You can get your Web site listed for free on most major search engines by waiting for their Web crawlers to find your site, but that can take several months.
- **List your site for a fee** If you want your Web site listed in just a few days, you can pay each search engine company a nominal fee to list your site.

Improve your search results

Just because your site is listed doesn't mean it will rank very highly in the search results. If you want search engines to rank your Web site higher in the results list, you need to do some site optimization. Site optimization strategies include:

- Deciding where and how often keywords appear on the home page of your Web site. The closer a keyword is to the top of the page, the better, especially if you can put keywords in the HTML title tag and in the main heading of the page.
- Choosing keywords that reflect how people might search for your site. Keywords need to be phrases at least two words long— for example, "engineering software." The word "software" by itself is not specific enough.
- Including the right keywords in your Web site's meta tags so that you can improve your site's rank in search results.
- Getting other relevant sites (including search engines) to link to your site.

Need further help? Marketing and Web design agencies can help you optimize your site's ranking in search results.

Pay for placement

Most of the large search engine companies allow you to pay for priority placement in their search results. This is ideal for companies that want to increase their visibility quickly. A variety of service terms is available. The higher your placement, the more you pay.

Before you decide to pay for placement, use the search engines to search for your own Web site to determine whether your placement already meets your needs.

Promote your Web site

To promote your Web site, try using the following strategies:

- **Plaster your Web address on every piece of communication you generate** Put your Web address on everything from E-mail signatures to business cards to press releases to answering machine greetings.
- **Link to and from other sites** Look for opportunities to have other Web sites link to your Web site. The higher the other site's traffic, the better. Linking is often a reciprocal arrangement. But don't just link for the sake of linking. Stay focused on driving the right kind of traffic— traffic that's relevant to your business.

Learning from other Web sites

When you design your Web site, remember that it's not necessary to reinvent the wheel! As you set out to create or update your Web presence, borrow ideas from other sites that you like. Try to conform to established design conventions. Following these important pointers can save you time and money and prevent headaches for your users.

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2. Establish a Web presence with Publisher

Microsoft® Office Publisher 2003/2007

The Web has opened up a new channel for advertising and contact that has become as established as the phone book. As a result, many businesses, large and small, have Internet sites on the World Wide Web.

If you've put off creating a Web site for your own business because of time or technical concerns, you don't have to wait any longer. You can quickly and inexpensively establish a Web presence using one of the Web Site Wizards in Publisher 2003.
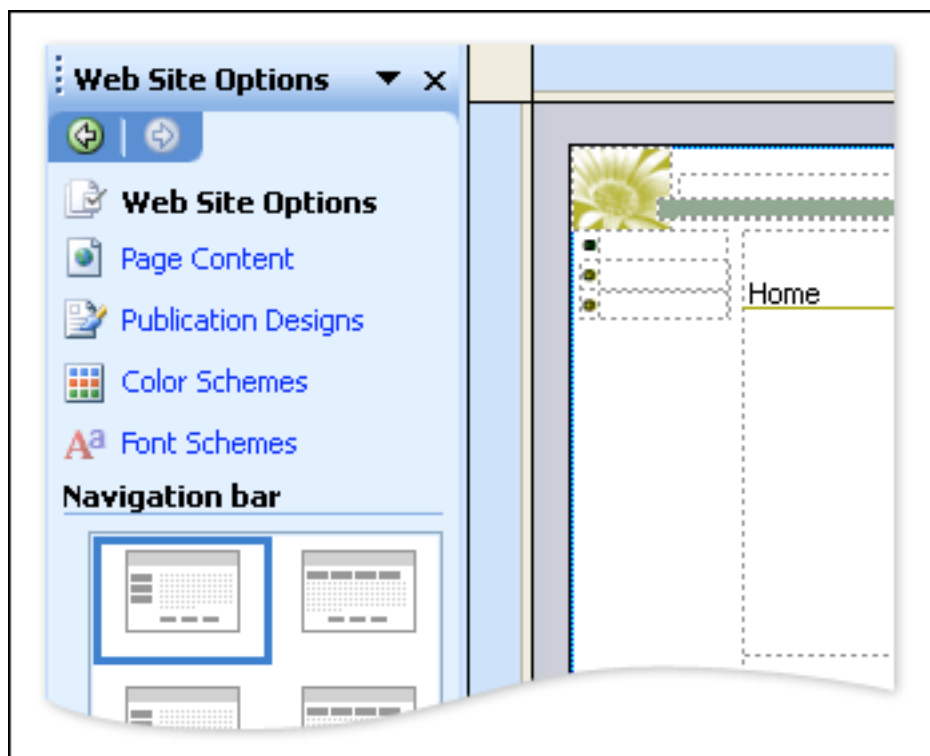
The Web Site Wizards create Web pages for you. You can use the Web Site Options task pane to design and customize your pages.

Plan your Web site No wizard, however straightforward and simple to use, can make up for a lack of planning. Before you jump in to Publisher, take the time to think about what you want your Web site to accomplish. Who are you trying to reach with your Web site? How will you keep them coming back? Is your site's intention simply to publicize your business or do you want to use it to actually sell your products or services? By answering questions like these in advance, you will be able to make the most out of the features the Web Site Wizards offer.

Choose a wizard

Publisher includes four Web Site Wizards. The wizard you use depends entirely upon your site goals.

3-page Web Site

If you just want to get a basic site created that you know you'll add to in the future, this is the best wizard to use. Your site will include three pages, a Home page, About Us, and Contact Us.

Product Sales

Do you want to advertise and sell products from your site? If so, this is the wizard for you. In addition to the three basic pages (Home, About Us, Contact Us), the wizard creates a page where products are listed and also a detailed page for each product.

Professional Services

Does your organization provide services? This wizard creates the three basic pages (Home, About Us, Contact Us) for you, as well as a page where your services are listed, a detailed page for each service, and a project or client page, where you can list on-going and completed projects or provide client testimonials.

Easy Web Site Builder

Use this wizard if you want more choices up front about what types of pages your site will include. For example, you can add a calendar or schedule, employee information, links to other Web sites, and more.

Tip No matter which Wizard you use initially to create your site, you can always add new pages and functionality later.

Create your site

When you use one of the Web Site Wizards to create your Web site, the pages are created for you. All you have to do, after you make some design and color decisions, is replace the placeholder information on the pages with information relevant to your business. Before you publish the Web site, be sure to preview it and test all the links and content thoroughly.

To create a Web site using a Web site Wizard

1. Start Publisher. In the **New Publication** task pane, click **Web Sites and E-mail**, click **Web Sites**, and then click the name of the Wizard you want to use.
2. On the right, click the Web site design you want.

3. If you are using the **Easy Web Site Builder** Wizard, select the options that describe what you want you do with your site, and then click **OK**.

4. The **Personal Information** dialog box may open. If you want to create a set of contact information, such as organization name and address, that Publisher can add automatically to all publications you create, fill in that information now, and then click **OK**. Filling in the information once now saves you from having to type your return address or contact information each time you start a new publication. If you don't want to fill in any information now but might want to the next time you start a new publication, click **Cancel**. If you don't want this dialog box to open when you start new publications, select **Never show this dialog when starting a new publication**. You can always open the **Personal Information** dialog again by clicking **Personal Information** on the **Edit** menu.

5. In the **Web Site Options** task pane on the left, under **Navigation bar**, click the navigation bar style that you want for the pages.

6. Toward the top of the task pane, click **Page Content**. Under **Layout**, click the layout that you want for the pages.

7. If you want to use a different color scheme or font scheme on your site, click **Color Schemes** or **Font Schemes** toward the top of the task pane, and then choose the scheme you want.

8. Replace the placeholder text and pictures on the Web site pages with your own content.

9. To preview and test your Web site in a browser, on the **File** menu, click **Web Page Preview**. Use the navigation bar to move between pages.

10. On the **File** menu, click **Save As** to name and save your Web site publication.

Note Information about how to publish your Web site is available in the topic, Publish a Web site, listed under **See also** at the top left of this page.

Modify your site

After you create and publish your Web site, you're bound to get new ideas from employees and customers about how the site can work more effectively. You can easily add new pages and functionality to an existing site, and adjust the design. For example, you can add an FAQ or News Article page. Or, you can include an order, response, or sign-up form. You can also add blank pages that you can design yourself.

To modify your Web site

1. Open your Web site publication. If you don't see the **Web Site Options** task pane, on the **View** menu, click **Task Pane**.

2. To add a new page, under **Add to your Web site**, click **Insert a page**. Choose the type of page you want, and then click **OK**. **Tip** If you want to add several pages at once that duplicate the current page, are blank, or have only one text box on each page, click **More** at the bottom of the **Insert**

Web Page dialog box.

3. To add a page or a series of pages related to a specific function you want the Web site to perform (for example, sell products or describe services), under **Add to your Web site**, click **Add functionality**. Choose the function you want, and then click **OK**
4. To change the navigation bar style for the pages, under **Navigation bar**, click the style you want.
5. To change the layout for any page, under **Layout**, choose the layout you want.

3. Marketing Researcher

Find the right primary market research technique

Those in favor insist that hearing multilayered, interactive discussions from real customers still galvanizes a sales force or inspires marketing messages. "Because of the group dynamic, focus groups provide a great opportunity for rich feedback in a relatively short period of time," says Karen Leland, co-author of "Customer Service for Dummies."

Naysayers argue that focus groups have outlived their usefulness because they uncover very little new or useful information. "Respondents have been trained to tell us what they think we want to hear, to analyze our 'strategy' or our 'target segment,'" says Leeann Leahy, director of account planning at Margeotes Fertitta ad agency in New York.

So where's the truth? Between the extremes, as is usual.

This is no ordinary box. This is like an ad agency in a box.
How to avoid mistakes

When setting up focus groups, concentrate on these steps:
1.
Determine your goals and objectives. Analyze what you want from the experience. Narrow your objectives to a concise written list so the facilitator can "focus" the group whenever they wander off the topic. With help from the facilitator, work on your discussion questions and follow-up points before recruiting. These should be open-ended queries that invite comments.
Marketing gurus say focus groups are particularly useful when you are:
*   Introducing a new product or new concept
*   Positioning products or messages
*   Managing change, in or outside the company
*   Testing communications

- Promoting or creating a brand
- Evaluating customer sentiment

For example, a recent focus group for a retailer revealed that existing customers were annoyed that new customers were receiving incentives while loyal customers were not, according to Bette Price, management consultant and co-author of "True Leaders." Says Price: "This is an important issue to know about because the research all shows that it costs a minimum of five times more to attract a new customer than to keep an existing, loyal one."

2. **Do rigorous recruiting and screening.** "The term 'focus group' has been diluted a great deal, with some thinking it's just a conversation," says David Shank, an Indianapolis publicist. But herding some executives into a conference room for a group gripe won't tell you much.

Instead, rely on a professional and detailed screener who can gather a truly representative sample of the population you're studying. If your target includes men aged 20-35, then you need many of those male participants in the group.

"Allow enough time for recruiting and make sure the budget allows flexibility," suggests Bonnie Ulman at The Haystack Group, an Atlanta market researcher. Encourage participation by offering an incentive, be it a free sample, a discount certificate or money. Cash awards run $25 to $150 per person, depending on your target's status. It's also customary to serve snacks or sandwiches as a way to warm up the group.

3. **Don't cheap out on the facilitator.** Trained focus-group moderators are worth the money they charge. They know how to pose questions that elicit responses. They can synthesize the discussion, playing back opinions to tap specifics behind generalizations. They draw out shy or disengaged participants. And lots more. The biggest mistake clients can make is to be their own facilitator, says Nancy Haynes at Collins, Haynes & Lully Advertising in Charlotte, N.C. She says, "Two places one should never try to cut corners: a focus group facilitator and a surgeon!"

4. **Don't expect hard data.** Focus groups are categorized as soft or qualitative market research, in contrast to quantitative research that yields hard numbers or statistics. The point is to create a group dynamic. You're paying to get a visceral sense of what a sample of your defined customers think and feel. When successful, focus groups uncover motivations for your target's choices and decisions, which is obviously enormously helpful. But you don't get statistical charts -- just an emotional snapshot.

5. **Do listen to the "loudmouth."** Invariably, every focus group includes a participant who tends to take over the discussion. This is another reason to have a trained facilitator. Moderators graciously get him or her to back off, giving other participants a chance. Nevertheless, this particular group dynamic is also valuable. "A common criticism of focus groups is that a dominant participant may influence others," says Elaine Ralls, at HMI, an integrated marketing firm in Tempe, Ariz. But "it should be recognized that the same influential patterns occur in the marketplace." You gain helpful insights by observing what the "influencers" in the

room do or say.

6. **Do remain flexible.** The advantage of traditional focus groups over those mounted online or via phone conferences is that you can shift direction quickly. If the group alights on a point or area you want to explore, the facilitator can follow up. Usually, there's a phone in the room or a prearranged signal to contact the facilitator. She or he then leaves the room, briefly confers with you and returns to steer the discussion as you direct.

In summary, for focus groups to be effective, you must plan a solid strategy, hone your questions and objectives, and hire an experienced, veteran facilitator.

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