



NICHE MARKETING – How to Target Your Marketing Efforts

If people want to make more money in today's competitive environment, then they need to master in business niche. Niche marketing is most effective when people immerse him in a specific topic area and then start building their reputation for being a thought leader on that specific topic. It may sound intimidating, but in reality, all it demands is focus.

Recognized business strategist and forward thinker coined the term "Intentional Congruence". People stresses that everything does in his business must tie into everything else to do. It's about having intent and purpose to intimately understand what they are doing and why? Without understanding who they help and why they are doing what to do, how can people expect anyone else to know?

Here are 5 Elements to Identifying and Building Your Business Niche...

1. Create an inventory of your strengths. Identify how you relate to people and get specific in your values. List what you already know and what you need to learn to position yourself as an expert in your field. Describe the specific abilities you possess that are unique to you. Determine where you stand in terms of current finances. And, estimate what financial requirements will be necessary to build your niche with your target market.
2. Select the top two areas you have a passion for pursuing. Without passion or emotional engagement for the subject area, long-term success is unlikely. The ultimate goal is to do what you love, love what you do and make an acceptable living as you do it!
3. Research the two niche areas you've identified. Determine: who are the top three businesses or individuals already doing what you want to do? Review their websites and gain a sense of how connected and informed your future competition is. Research the internet fully to gain a sense of topic areas, product offerings and customer/client "reach out" efforts. Identify what is already in place and focus on those areas you feel are underserved.
4. Build a resource inventory. Contact business professionals as needed to build alliances. Create opportunities to interview people or hire whoever might be necessary to fine tune your business plan or fill in the gaps of knowledge on areas that are critical in establishing you as an expert. Offer your services to other business professionals as well. Just because you are new to a niche, doesn't mean you are lacking expertise. They simply don't know about you yet! Building relational capital with others who thrive in the market you wish to enter is always beneficial to everyone who participates.
5. Put your stake in the ground and claim your position within your targeted niche. Here's how...
 - * Start offering your knowledge to the masses by using social media liberally.
 - * Become a fan of expert pages and register to participate in other List Serves that focus on your area of expertise.
 - * Read and post to other expert blogs on your topic.
 - * Write articles focusing on your area of expertise and submit them for online publication.
 - * Make every opportunity to interview other industry experts by tele-seminar and provide those to your clients as additional resource material.
 - * Build an accessible on-line library that is exploding with information for your customers and clients.
 - * Create surveys for completion by your target market to gain knowledge through research and insight that is unique to you. Publish a white paper or report annually that includes this research.

Now, you should have the keys to dominating your business niche. Nothing is holding you back from being the expert, knowing your target market and maintaining a gentle helping hand. You are in charge of designing and maintaining a world of comfort for your customers and customers. You can make their lives easy because they now have you - the expert to rely on..

□□□

Courtesy by: Mr. Karel Murray, Certified Speaking Professional, USA.

1. INTRODUCTION

Compensation Management is an integral part of the management of the organization. Compensation is a systematic approach to providing monetary value to employees in exchange for work performed. It may achieve several purposes assisting in recruitment, job performance, and job satisfaction. It is the remuneration received by an employee in return for his/her contribution to the organization. It is an organized practice that involves balancing the work-employee relation by providing monetary and non-monetary benefits to employees. It is a tool used by management for a variety of purposes to further the existence and growth of the company. It may be attuned according to economic scenario, the business needs, goals, and available resources. Compensation Management contributes to the overall success of the organization in several ways. To be effective, the managers must appreciate the value of competitive pay, their human resources, and have an investment view of payroll costs. We want to maintain pay levels that attract and retain quality employees while recognizing the need to manage payroll costs.

The increasing competitiveness of the labour market and turnover of employees had resulted in nightmare in compensation planning. Apart from this, the growing demands of the employees and competitive salaries offered by multinational companies had almost resulted in a compensation war in certain industries. Therefore, the human resources managers and tax experts have to evolve proper compensation planning for High end and qualified employees. The components of compensation have to be devised in such a way that, it focuses on the growing demands of employees while retaining the competitiveness and profitability of the company.

Compensation management, also known as wage and salary administration, remuneration management, or reward management, is concerned with designing and implementing total compensation package. The traditional concept of wage and salary administration emphasized on only determination of wage and salary structures in organisational settings. Pay is a difficult topic of conversation in most organizations. In fact, the topic is altogether taboo in many workplaces. It simply isn't discussed unless absolutely necessary. And, when it is necessary, such as when a pay raise (or lack of one) must be explained to an employee, many managers find themselves at a loss for words. As the dreaded date of such a discussion approaches, managers

may begin checking their sick time banks to see if they can disappear for a day or two.

While it may be a touchy subject, pay is a critical factor in the work lives of employees. Jobs are accepted or rejected based in part on starting salary and the opportunity for future increases in pay. Employees compare their pay to that of others in the same line of work. They constantly compare their pay level to their level of contribution, trying to determine whether the ratio of give and receive is a fair one. While it may not be a frequent topic of open discussion, employees think about pay often.

2. COMPONENTS OF COMPENSATION

Basic wages/Salaries:

These refer to the cash component of the wage structure based on which other elements of compensation may be structured. It is normally a fixed amount which is subject to changes based on annual increments or subject to periodical pay hikes. Wages represent hourly rates of pay, and salary refers to the monthly rate of pay, irrespective of the number of hours put in by the employee. Wages and salaries are subject to the annual increments. They differ from employee to employee, and depend upon the nature of job, seniority, and merit.

Dearness allowance:

The payment of dearness allowance facilitates employees and workers to face the price increase or inflation of prices of goods and services consumed by him. The onslaught of price increase has a major bearing on the living conditions of the labour. The increasing prices reduce the compensation to nothing and the money's worth is coming down based on the level of inflation. The payment of dearness allowance, which may be a fixed percentage on the basic wage, enables the employees to face the increasing prices.

Incentives:

Incentives are paid in addition to wages and salaries and are also called 'payments by results'. Incentives depend upon productivity, sales, profit, or cost reduction efforts. There are: (a) Individual incentive schemes, and (b) Group incentive programmes. Individual incentives are applicable to specific employee performance. Where a given task demands group efforts for completion, incentives are paid to the group as a whole. The amount is later divided among group members on an equitable basis.

Bonus:

The bonus can be paid in different ways. It can be fixed percentage on the basic wage paid annually or in proportion to the profitability. The Government also prescribes a minimum statutory bonus for all employees and workers. There is also a bonus plan which compensates the Managers and employees based on the sales revenue or Profit margin achieved. Bonus plans can also be based on piece wages but depends upon the productivity of labour.

Non-monetary benefits:

These benefits give psychological satisfaction to employees even when financial benefit is not available. Such benefits are: (a) Recognition of merit through certificate, etc. (b) Offering challenging job responsibilities, (c) Promoting growth prospects, (d) Comfortable working conditions, (e) Competent supervision, and (f) Job sharing and flexi-time.

Commissions:

Commission to Managers and employees may be based on the sales revenue or profits of the company. It is always a fixed percentage on the target achieved. For taxation purposes, commission is again a taxable component of compensation. The payment of commission as a component of commission is practiced heavily on target based sales. Depending upon the targets achieved, companies may pay a commission on a monthly or periodical basis.

Mixed plans:

Companies may also pay employees and others a combination of pay as well as commissions. This plan is called combination or mixed plan. Apart from the salaries paid, the employees may be eligible for a fixed percentage of commission upon achievement of fixed target of sales or profits or Performance objectives. Nowadays, most of the corporate sector is following this practice. This is also termed as variable component of compensation.

Piece rate wages:

Piece rate wages are prevalent in the manufacturing wages. The laborers are paid wages for each of the Quantity produced by them. The gross earnings of the labour would be equivalent to number of goods produced by them. Piece rate wages improves productivity and is an absolute measurement of productivity to wage structure. The fairness of compensation is totally based on the productivity and not by other qualitative factors.

Fringe benefits:

Fringe benefits may be defined as wide range of benefits and services that employees receive as an integral part of their total compensation package. They are based on critical job factors and performance. Fringe benefits constitute

indirect compensation as they are usually extended as a condition of employment and not directly related to performance of concerned employee. Fringe benefits are supplements to regular wages received by the workers at a cost of employers. They include benefits such as paid vacation, pension, health and insurance plans, etc. Such benefits are computable in terms of money and the amount of benefit is generally not predetermined. The purpose of fringe benefits is to retain efficient and capable people in the organisation over a long period. They foster loyalty and acts as a security base for the employees.

Profit Sharing:

Profit-sharing is regarded as a steppingstone to industrial democracy. Profit-sharing is an agreement by which employees receive a share, fixed in advance of the profits. Profit-sharing usually involves the determination of an organisation's profit at the end of the fiscal year and the distribution of a percentage of the profits to the workers qualified to share in the earnings. The percentage to be shared by the workers is often predetermined at the beginning of the work period and IS often communicated to the workers so that they have some knowledge of their potential gains. To enable the workers to participate in profit-sharing, they are required to work for certain number of years and develop some seniority. The theory behind profit-sharing is that management feels its workers will fulfill their responsibilities more diligently if they realise that their efforts may result in higher profits, which will be returned to the workers through profit-sharing.

3. APPROACHES OF COMPENSATION MANAGEMENT

There are 3P approach of developing a compensation policy centered on the fundamentals of paying for Position, Person and Performance. Drawing from external market information and internal policies, this program helps establish guidelines for an equitable grading structure, determine capability requirements and creation of short and long-term incentive plans.

The 3P approach to compensation management supports a company's strategy, mission and objectives. It is highly proactive and fully integrated into a company's management practices and business strategy. The 3P system ensures that human resources management plays a central role in management decision making and the achievement of business goals.

- ✧ Paying for position
- ✧ Paying for person
- ✧ Paying for performance

Because it is so important to employees, the issue of pay deserves to be clearly addressed.

In spite of their hesitance, managers are capable of dealing with this sometimes difficult issue in a professional and effective manner. By keeping the following basic points about pay in mind, they can address virtually any pay-related topic with their employees in a professional and productive manner.

3.1 Specificity is Key

Pay is a topic with many different shades and a variety of implications. Whenever approaching the subject, it is important to work out the details beforehand so that specifics can be clearly communicated. For the manager, this means that the increase amount is nailed down before discussing a promotion with an employee. No chance of misunderstanding or false expectations can be permitted. Far too often, managers are apt to discuss generalities. "It will mean a good increase." What exactly does that mean in terms of the employee's monthly budget? If care is not taken here, good news can become the source of conflict and resentment.

By the same token, if asked for a raise, the manager should request that the employee suggest a specific number that he believes reflects his value. Once the employee provides that number, the manager can do his homework and decide what, if anything can be done. The employee can then be given a definitive response.

3.2 Pay is Relative

What one employee considers a fantastic increase maybe an insult to another? Each individual has a unique set of creativity and competencies. Pay should be based on the performance, position and the competencies/skills the person is having.

3.3 Pay is Not Created Equal

Various forms of pay have different purposes. The two most common forms of direct cash compensation in most companies are base pay and bonus. Base pay is the annual salary or hourly wage paid to an employee given the job he holds, While bonus is typically (or at least should be) rewarded based on the achievement of a goal of the organization. Discussions about bonus payments should be as specific as possible. This is the opportunity to point out particular accomplishments that contributed to overall team or company success. Even if the bonus is paid to all employees based on a simple overall company profit target, the manager should use the opportunity to point out specifically how individual employees helped achieve that target.

Distributing bonus checks presents a unique motivational opportunity for a manager. Handing money to an employee while discussing actions and behaviors he would like to see repeated, creates a powerful link between performance and reward. Discussions about base pay increases

can be a bit different. Most companies claim to link their annual base pay increases to performance. In reality, however, base pay decisions take into account a variety of factors, including the relative pay of others in the same job, the company's increase budget, market practices and where the individual falls within his pay range.

Even when performance is a factor, the manager is faced with the difficult task of evaluating an entire year's worth of activity and then categorizing it according to the percentage increase options allowed by the budget. It becomes very difficult to pinpoint specific employee actions or accomplishments as the reason for the increase.

For these reasons, it's appropriate for the discussion about base pay increases to be more general and balanced. Both strengths and weaknesses of the employee should be addressed. The actual increase is then based on an overall assessment, as opposed to a link with one or two specific outcomes. Any other factors that impact the increase percent, such as budget or pay range should be openly discussed as well.

4. DEVELOPMENT OF A COMPENSATION PHILOSOPHY

All organizations pay according to some underlying philosophy about jobs and the people who do them. This philosophy may not be in writing, but it certainly exists. Pay maybe treated in a formal and structured manner at one company. At another, any appearance of structure is intentionally avoided so that decisions can be made arbitrarily. Either way, the approach taken reflects a fundamental belief about people, motivation and management. Before an organization actually develops a compensation plan, there are several questions that need to be answered. Taking the time to consider and answer these questions will make the both the process of developing and administering a compensation plan much easier and will result in the development of a compensation plan that more closely matches the organization's goals and objectives. Managers often want to view each individual as a separate case. It is important to understand, however, that employees operate within a compensation system. A manager is wise to take the time to learn as much as possible about his company's compensation system.

What is the goal of the organization's compensation system? In addition to attracting and retaining qualified employees, is there an intent to reward employees for good performance, motivate good performance, and/or create or reinforce a particular type of organizational climate?

What is the communication policy? How is the organization going to communicate the compensation plan to employees once it has been developed? Is the organization prepared to evaluate the effectiveness of any such communication? If so, how? How will decisions regarding pay be made? Who will be involved in these decisions? What decision guidelines will need to be developed?

What is the organization's desired market position relative to pay? Will the organization choose to pay market rates, above market or below market? How does the desired market position fit with other strategic goals? Are there any competitive factors involved that will determine the pay strategy?

What is the desired mix between benefits and cash? Since benefits are an important form of compensation, how does an organization use them to maximize the effectiveness of the compensation plan?

What does the organization pay for? Does it pay for performance or seniority or some combination of the two?

What is the role of performance appraisal in the organization? How important is performance appraisal and why?

How will the organization manage change to the compensation plan once it has been developed? What systems need to be in place to implement any changes including deciding when change is necessary and who will make these decisions?

How does the compensation philosophy and plan fit with the rest of the organization? How can the compensation practices reinforce other overall management philosophies and objectives?

While the answer to "how much?" is of course important to employees, they are also concerned about the "why?" of pay. In other words, while the actual amount of pay is very important, employees also are interested in the rationale used to determine it. Research has shown that pay satisfaction increases with understanding of the pay scheme.

Managers often leave this area to the HR department. Ideally, however, managers themselves will be the primary conduit of information on this topic. If a manager does not know the company's pay philosophy, he should seek out whom ever in the organization is responsible for pay administration and get the answers he needs.

Job seekers who go into the negotiation process with their eyes wide open keep an important fact in mind: A few thousand dollars one way or the other can quickly become a gain or a loss depending on other benefits. Money is important, but it must be put in the context of other pros and

cons—some of which have a dollar value and some of which do not.

Managers should be the company's biggest ambassadors when it comes to the value of benefits and work environment factors. Sharp companies do a good job of showing the value of these items. Smart managers will communicate their value, as well, especially when discussing pay. For example, when offering a promotion to an employee, a manager should consider all the potential benefits. What developmental opportunities are involved? Is there an increase in status? Will the move mean additional interaction with key players? All of these, as well as any increase in tangible pay and benefits should be discussed.

5. SPEAKING OF PAY WITH CONFIDENCE

Discussions regarding pay do not have to be awkward—they can be clear and productive if managers adhere to the basics outlined above. Rather than a taboo, pay can be addressed in an up-front manner if managers do their homework, get prepared and go into the discussion with the confidence that comes from knowledge. Pay discussions should deal with specifics. In preparing for the discussion, the manager must remember that pay is relative and nothing can be assumed about the employee's response. The purpose of the particular aspect of pay being addressed is important, and the manager must be able to discuss the issue in the context of the organization's pay philosophy.

6. CONCLUSION

Compensation is a hot potato for the Human Resource Department. The motivation level of the employees to great extent lies in monetary rewards. In the current state of affairs it is indispensable to restructure the pay models. Similar to changes bought about in the other departments the HR should also emphasize on restructuring the costs so as to bring the variable cost close to zilch.



CUSTOMER EMPOWERMENT THROUGH EMPOWERING EMPLOYEES

By: Dr. Sudhanshu Singh, United Institute of Management, Allahabad, U.P.

Giving great customer service can be a very difficult task. This is a true statement. However, it isn't impossible. Treat your customers as you would want to be treated in the same situation and you will find the key to giving quality service to your customers

Great customer service means happy customers, the kinds who remain loyal to your company for their entire lives and demand that every person they know patronize your business. They're your best advocates, giving your company the word-of-mouth advertising and buzz you couldn't buy with a thousand ads. But happy customers don't just materialize out of thin air. Happy customers are made by happy employees.

So how do you get happy employees, the kind who would willingly bend over backwards to help a customer? While there might not be a nice, clean cliché to handle that situation, there is an easy way: empower them. Give your employees the power to take care of the customer and they'll go out of their way to do exactly that. If your employees have to track down a manager any time they want to do what everyone involved knows is right the right thing to do, your company's customer service will never be anything more than mediocre.

Of course, empowering your employees means giving up some of your control and actually trusting the people you pay to be the face of your business, an idea that many business owners despise. It also means instilling a sense of pride and ownership in the company in those same people, and those factors go a long way toward making them want to go that extra mile when it comes to serving the customers.

Empowering customer service representatives requires that you assume you have hired competent, intelligent people who want to do an excellent job. It is important to recognize that they need your support and confidence in order for them to do an excellent job. Arming them with the training, education, support, and tools to do their job effectively ensures their success and the success of your company.

When a customer calls to complain, they are typically angry, upset, and frustrated. Resolving their issue on the first call is critical to retaining them as a long-term customer and this requires that your customer service representatives have the authority to make decisions on the company's behalf. You have to trust them to make

appropriate decisions within the guidelines prescribed. Representatives need to feel and act like business-owners and assume accountability for outcomes.

Empowering customer service representatives is a key to success in today's world. Time constraints are driving customers to seek immediate resolution to issues. Retaining current customers is a company's top most priority and the customer service experience contributes heavily to that goal.

Give your representatives the tools, training, and support they need to succeed. You'll find that everyone benefits when you trust them to do their jobs effectively!

There are a few critical strategies to empowering customer service representatives and making them feel like business-owners:

1. People learn at different paces and through different means. Be sure that you have a comprehensive training program consisting of interactive training tools. It should include classroom, computer based, and on-the-job training, as well as a testing/skills assessment. Problem-resolution should be a core training program in any customer service environment. Assigning a mentor once the representative is fully trained is advisable and usually results in better quality of service immediately.
2. Ensure that your training includes a thorough overview of the products or services and an understanding of the "customer experience" in using the product or service. Include training on the sales process so they have a complete picture of the customer experience. This will enable them to better visualize the problems when they arise.
3. Recognize that your customer service representatives may make mistakes as they are gaining experience. Allow them to learn from these mistakes and support, train, and guide them where needed. But don't reprimand and degrade them for mistakes! Only when performance is an issue vs. an "honest mistake" is it necessary to begin a performance plan.

4. Scripts are important but allow them to be "human". Relationship management is critical in the customer service environment.

5. Give your representatives guidelines and rules, but allow flexibility. They need to have authority to make decisions based on the specifics of the issue.

There should be guidelines for financial concessions or product replacement decisions that they are allowed to make. Trending of performance data and resolution of issues can be evaluated for any abuse of the flexible guidelines.

6. Provide them with "give-away" that they can use discretionally for customers based on the nature of the complaint. This will go a long way in retaining valued customers. If they have authority to issue a \$10 credit or gift card to the customer, you'll have a happy customer who is most likely a loyal one.

7. Reward and incentives to your representatives based on a combination of call center metrics and customer satisfaction ratings. Using metrics alone does not encourage the behavior you are seeking which is 100% customer satisfaction. Quality and quantity are a balancing act and representatives should be rewarded for effectively managing both.

8. Publicly recognize high performers and let the entire staff know when an individual has done an exceptional job. This will encourage similar behavior among the rest of the team.

9. Routinely solicit their input and feedback on how to improve and enhance the customer service experience. They are on the front-line and they have the most knowledge of what customers are seeking.

10. Systematically provide them with feedback on what they are doing well and where they need to improve. Don't hesitate to praise them for a job well done! If they are not performing as well as expected, identify development training programs for them and establish a performance improvement plan to support their growth. Most employees will take advantage of this opportunity to succeed!

Customer service jobs are very demanding jobs. They require great people skills. When you find a good customer service rep, treat them like gold. There are only so many people that are truly skilled to handle some of the tougher customers in a way that satisfies the customer and the top dogs in the company.

Giving your staff the training and information they need to serve the customer better is just common sense.

1. Customers want to be treated with respect. This means don't talk to the cashier in the next lane while ringing up a customer's sale.

Talk to the customer. Make them feel at home. After all, everyone goes home again.

2. Be accurate. There is nothing more irritating to a customer than to realize after they have already gotten home that they were charged too much or they didn't get enough change back.

3. No matter how upset a customer gets with you, keep an even temper. An angry customer can usually be calmed down if you are calm with them.

4. Go above and beyond what is expected of you. If a customer is a little slow at getting their money out of their wallet, don't roll your eyes at them. Patience is the key. You have your entire shift to wait, don't worry about the small stuff.

5. If you are ever in doubt, call a manager for help. It is better to do that than to have the customer get more upset than they already are. Better yet, it can also keep them from getting upset in the first place.

6. Managers, don't let your staff be abused by the customers. Customer service people should not have to be yelled and cussed at. Let them know that they don't have to deal with that. If a customer gets that out of hand, your employee should know that they can come to you so that you can handle it. In the instance of a call center representative, they should be allowed to hang up if the customer refuses to calm their language down a bit.

When you trust the people around you to do the job they are supposed to do it makes things flow much better. There are no log jams at the register, or customer service, and fewer angry customers. It frees up management to manage and it makes others feel good that they are valued, and they are able to step up when the time calls for it. Customers feel better too, because they know that they will get quality service regardless of where the employee is.



ARTICLES

Readers are requested to send articles for publishing in NAFEN DIGEST on the latest areas of:

- ★ **Management**
- ★ Finance
- ★ **Engineering**
- ★ Information Technology
- ★ **Science & Technology**

Through e-mail: nafenindia@nafenindia.com or nafenindia@airtelmail.in preferably in M.S. Word.

Selected Best Article for year 2010-2011 will be suitably awarded by NAFEN.

NAFEN MEMBERSHIP

For Individual/ Fellow/ Life / Corporate Membership of National Foundation of Indian Engineers (NAFEN) log on www.nafenindia.com and Register yourself ONLINE or contact NAFEN SECRETARIAT.

Members Derive following Advantages:

- ❖ Very low Delegate Fee for participation in International events of NAFEN.
- ❖ Chances of participation in various NAFEN events in India & abroad.
- ❖ Scholarships for meritorious students for studies in India & abroad.
- ❖ More Exposure in emerging areas rather than only on Technical aspects.
- ❖ Chances to meet leaders of corporate world more frequently, that is, people who matter.

DIGEST EDITORIAL BOARD

Dr. P. K. Gupta	-	Editor
Mr. Rishi Kumar	-	Jt. Editor
Dr. A.P. Kulshreshtha	-	Member
Prof. P. B. Sharma	-	Member
Dr. S.K. Jha	-	Member
Mr. R.M. Verma	-	Member

Online Comments/ Suggestions welcome at

National Foundation of Indian Engineers

Web: www.nafenindia.com or
E-mail: nafenindia@nafenindia.com
nafenindia@airtelmail.in