

# 7 SKILLS OF HIGHLY EFFECTIVE SMB LEADERS



Small and medium business (SMB) founders and owners may not be tech startups, but they are entrepreneurs nonetheless. According to the Harvard Business School (HBS),

**"An entrepreneur is someone who launches a business venture, typically in the form of a company that manufactures and sells a product or provides a service."**

That's you. Businesses are usually started to solve a vexing problem, a common example being pre-sliced bread. What a time saver! Or the innovation could be the development of a product the world didn't know it needed, like a smartphone.

**ACCORDING TO THE SMALL BUSINESS ADMINISTRATION, SMALL AND MEDIUM BUSINESSES HAVE THE FOLLOWING SURVIVAL RATES:**



Leadership is critical to business success. "Without leadership that is effective, it's nearly impossible for businesses to grow and expand, as is necessary for an ever-changing market," said Megan Totka, editor of ChamberofCommerce.com.

So, what characterizes a successful SMB leader? You might think that you must be a visionary or a technical genius. The leadership skills of successful entrepreneurs are more human than technical. HBS lists these seven critical competencies for a successful entrepreneur.

## SKILL 1

## COMMUNICATION

HBS cites communication as the top skill needed to succeed as a business leader. "If you want to be an effective leader, you need to excel in communication," the magazine said. "In fact, the success of your business relies on it." The Economist surveyed more than 400 senior executives about communication skills, and here is what they said about the consequences of poor communication:



**52 %** said the added stress negatively impacted business.



**44%** said poor communication led to project delays or failures.



**31 %** cited low morale



**25 %** said missed business goals.

The leading causes of poor communication, respondents said, include:



**42%**  
Different  
communication  
styles



**34%**  
Unclear  
responsibilities



**31%**  
Time  
pressure



**24%**  
Lack of strong  
leadership



### According to HBS, the essential communication skills for leaders are:

- ✔ Ability to adapt your communication style.
- ✔ Active listening.
- ✔ Transparency toward all employees.
- ✔ Clear, measurable directions.
- ✔ Asking open-ended questions.
- ✔ Empathy for others.
- ✔ Open body language.
- ✔ Receiving and implementing feedback.



Some studies have found that empathy, "the ability to understand and experience the feelings of another," is the biggest single leadership skill needed. Some 96 percent of employees believe this, and 92 percent think that their employers undervalue empathy.

## SKILL 2

### ORGANIZATIONAL SKILLS

HBS may have put organizational skills second on the list of leadership characteristics because entrepreneurs tend to be "big picture" thinkers and don't want to sweat the small stuff. "Workplaces are filled with employees who lack direction because disorganized leaders don't deliver and manage plans and strategies to guide their teams," CIO.com said.

### **"What's the chance of an unguided team maximizing its productivity?"**

Or, as the motivational business speaker and author Chris Ducker said,

**"One of the biggest reasons why entrepreneurs nowadays struggle to grow their businesses is because they are simply wearing too many hats."**

**Lack of organization by the leader stresses the entire business but can especially affect the bottom line. Critical organizational failures include:**



**Not tracking spending and income.**



**Not saving tax information.**



**Not invoicing in a timely fashion.**

Poor organization is also related to poor communication. A survey by the American Management Association found that 36 percent of managers, executives, and employees said they "hardly ever" know what is going on in their organizations.

Having high organization skills means knowing what needs to be done and when. The five "W's" apply here. You need to know:



**What needs to be done.**



**When it needs to be done.**



**Who can do it.**



**Where to find the necessary resources.**



**Why it is important.**

The "why" issue is not critical to execution, but it is essential to motivation and engagement. The "who" should do something leads to one of an entrepreneur's most significant challenges: delegation. At some point, details start to become overwhelming.

"Only one in four employer entrepreneurs--business leaders who are founders of a company with at least one employee--have high levels of Delegator talent," a Gallup study found. "Those with high Delegator talent posted an average three-year growth rate of 1,751 percent--112 percentage points greater than those CEOs with limited or low Delegator talent."

**Effective delegators share five key traits,  
Gallup found:**

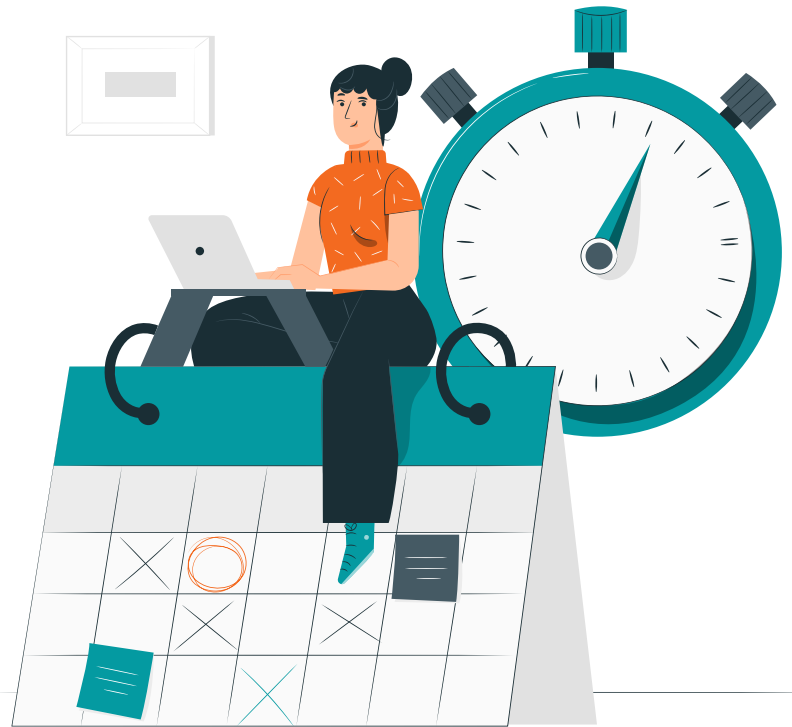


## SKILL 3

## TIME MANAGEMENT

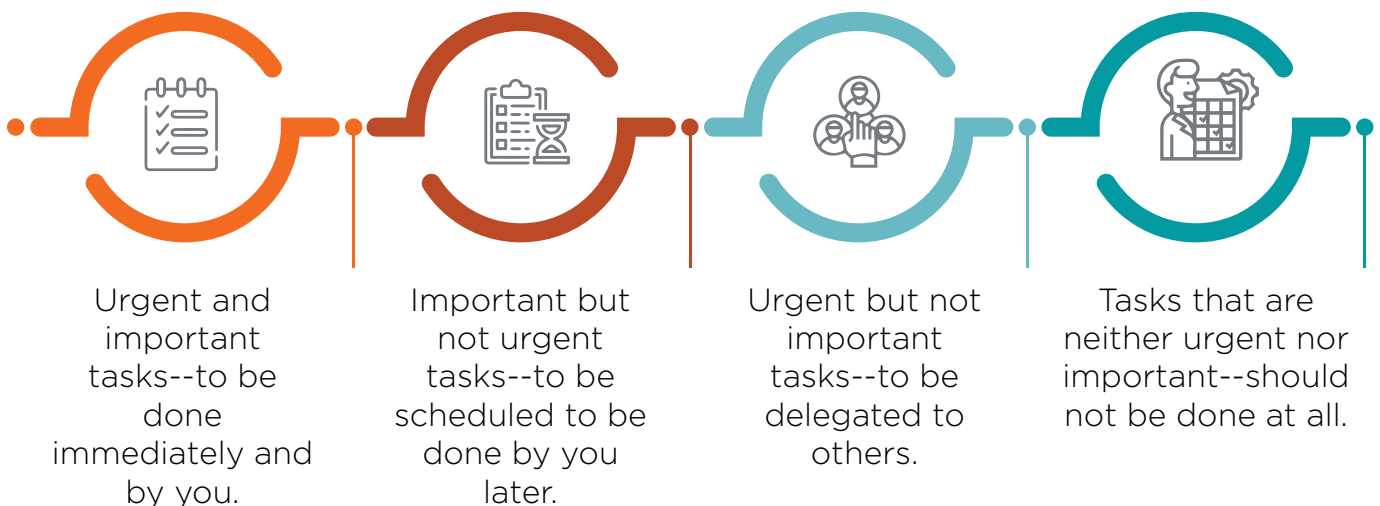
Closely related to organizational skills for effective leadership is time management. Wearing too many hats can wreak havoc on time management. Time is one of the resources you can't create.

According to The Alternative Board, entrepreneurs spend 68 percent of their time tackling day-to-day logistics and tasks and just 32 percent of their time building their businesses with long-term strategic initiatives. A survey by Service Now found that entrepreneurs spend 16 hours a week on administrative tasks.



You can't make more time, but you can get some back. One way to do so is to prioritize, but, as Stephen Covey said, "The key is not to prioritize what's on your schedule but to schedule your priorities." You must get some of those administrative tasks off your schedule.

**One way to figure out how to recapture time is using the Eisenhower Decision Making Matrix. The famous general and president differentiated between urgent and important tasks.**



## More time management approaches include



### TIMEBOXING

reserve specific times for specific tasks to reduce multitasking.



### THE ICEBERG METHOD

store information you will need later before forgetting about it.



### THE AUTOFOCUS METHOD

make a complete list of tasks and reading it until one stands out.



### TIME TRACKING

Time tracking tools like Time Doctor can help you understand how you are spending your time to make better decisions.

## SKILL 4

## DATA-DRIVEN DECISION-MAKING

Effective leaders use data to gain insights and make objective decisions. Data is increasingly available to inform your choices. You make decisions by collecting data, extracting patterns from the data, and using those patterns to make the right call. Taking decision-making out of the realm of opinion and intuition leads to better outcomes. Few would say, "let's not use data to make decisions." Still, studies have found that:

**58%**

of companies base at least half of their decisions on "gut feelings."



**70%**

of best-in-class companies rely on data to make decisions.



Business owners and leaders often think they know their market and their customers. You may, but you should constantly challenge and test assumptions.

**According to Northeastern University, the effective use of data to make business decisions involves four steps:**

### 1 Know your Mission.

You need to know what you want to measure and why.

### 2 Identify data sources

Determine what database or databases will give you the information you need.

### 3 Clean and organize data.

You can't make a good decision with faulty data. Remove or correct data that is inaccurate, incomplete, or irrelevant.

### 4 Perform statistical analysis.

Run the numbers and determine how to present the results.

**Draw conclusions.**

**Data-driven decisions don't have to be about arcane datasets with millions of entries.**

**Common ways businesses use data include:**



#### A/B marketing

creating multiple versions of email subject lines or landing pages to see which gets more clicks.



#### Ecommerce

analyzing purchase activity against factors like time of day or pages viewed before purchasing to optimize conversions.



#### "Blind" recruiting

removing data that might indicate race, gender, orientation, or ability from job applications to reduce bias.

Entrepreneurs who make decisions based on data build trust in their teams because they know that everyone is playing field. There are no vanity initiatives or personal favorites.

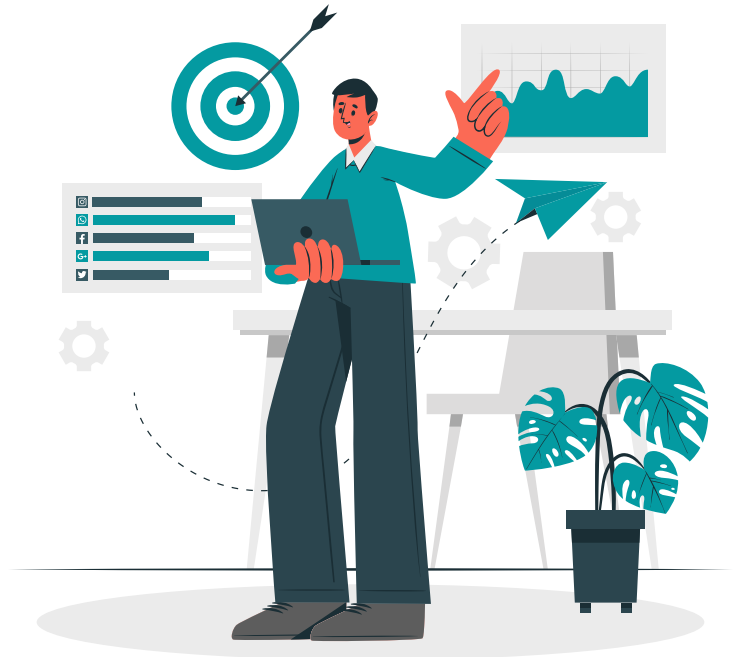
## SKILL 5

## STRATEGIC THINKING

Planning is typically a matter of forming goals, strategies, and tactics.

- ✓ Goals are the outcomes you want to achieve.
- ✓ Strategy is how you will achieve goals.
- ✓ Tactics are the actions you take to execute the plan and achieve the goals.

Strategic thinking skills enable you to stay focused on achieving the goals you set. For example, if you are locked-on tactics, you may continue initiatives that have proven ineffective at reaching your goals. Go back to your strategy and look at other tactical options.



## For example:

01



Your marketing **GOAL** is 600 top-of-funnel leads per month.

02



Your **STRATEGY** to reach the goal is to use inbound marketing to attract new leads.

03



Your **TACTICS** are to:



Use keyword research to identify content that will attract new leads.



Create blog posts and web pages around those keywords.



Create landing pages with content offers that people fill out forms to access.



Use analytics to refine performance.

Strategic thinkers are always focused on how to achieve goals. Like data-driven decision-making, strategic thinking results in better decisions because you're not distracted by opportunities that won't help you achieve your goals.

### Think about Southwest Airlines.



**Its goal was to be the leading short-hop airline for budget-minded travelers.**



**Its strategy was to make the flying experience as convenient and fun as possible.**



**Its tactics included hiring only the most customer-service oriented employees, having the fastest onboarding and offboarding, tell jokes on the planes, have funny hold music, etc.**

Some Southwest passengers complained that there was no first-class seating, a very lucrative service for long-haul airlines. But it wasn't aligned with the company's goals. Strategic thinking allowed the airline to avoid chasing that opportunity.

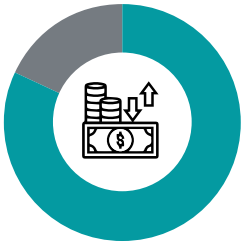


## SKILL 6

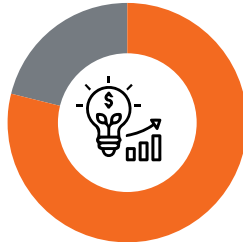
## BASIC ACCOUNTING SKILLS

According to research by U.S. Bank, the primary reasons SMBs fail have to do with financial management. The top three financial issues are cash flow management, starting with too little money, and lack of a developed business plan.

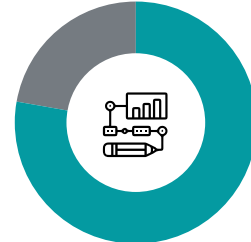
**Here are the percentage of businesses that fail and the reasons for the failure:**



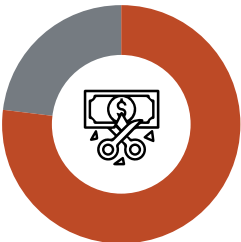
**82%**  
poor cash flow management skills/poor understanding of cash flow.



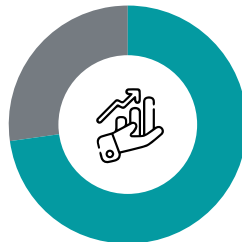
**79%**  
starting with too little money.



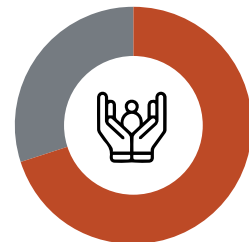
**78%**  
lack of a well-developed business plan, including insufficient research on the business before starting it.



**77%**  
poor pricing or failure to include all necessary items when setting prices.



**73%**  
overestimating achievable sales.



**70%**  
ignoring what they don't do well and not seeking help from others.

You don't have to be CPA to start a business, but you need to know the fundamentals of accounting.

**"If your expenses exceed your cash, then you have a cash flow problem,"**

**said CFO outsourcing firm Preferred CFO.**

Just because your sales are growing doesn't mean that you're stashing cash. Preferred CFO recommends entrepreneurs take these basic accounting steps:



### ITEMIZE SPENDING

document all expenses into categories like G&A, R&D, sales & marketing, operations, and cost of goods. Note the percentage spends for each category and determine whether the cash distribution makes sense.



### BENCHMARK

look at what similar businesses at similar growth stages spend—the amounts and percentages--and use those benchmarks to evaluate your spending. (Make sure the companies are in solid financial shape.)



### MICROMANAGE SPENDING

even if you have raised a lot of money, you need to know precisely where it is going. Think of every dollar spent as eroding your profitability. Evaluate the value gained from every expense before writing those checks.



### FORECASTING

having predictability around revenue projections is critical to managing cash flow. A good CRM is invaluable here—giving you a 360-degree view of your sales pipeline and deal stages to enable you to make reliable forecasts.

## RESILIENCE

The definition of resilience is "the capacity to recover quickly from difficulties." That's a pretty good quality to have for a small business founder/owner. There are going to be bumps along the road as the business grows, including:

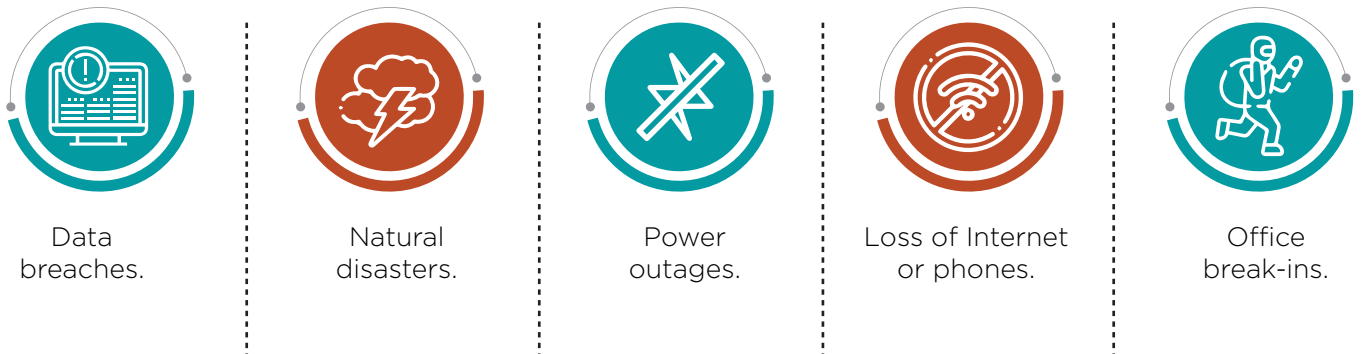
- ✓ **YOU DON'T HAVE ENOUGH MONEY.**
- ✓ **YOU HAVE MORE BUSINESS THAN YOU CAN FULFILL.**
- ✓ **KEY EMPLOYEES LEAVE.**
- ✓ **EMPLOYEES UNDERPERFORM.**
- ✓ **SALES SEEM TO BE DRYING UP.**
- ✓ **YOU LOSE A CRITICAL ACCOUNT.**

These types of situations all have to do with mental resilience in the face of challenges. To weather these storms, you'll need to have soft skills like patience, the ability to focus on the big picture, and a good memory of how you've endured similar crises in the past.

### It can also help to prepare for these situations by maintaining:



### Then there are the actual disasters, as we've seen during the pandemic. Other resilience tests come in the form of:



Preparing for these events requires physical resilience measures, including:

- ✔ **SECURE DATA BACKUP.**
- ✔ **REMOTE WORK PLANS WITH ENCRYPTED ACCESS.**
- ✔ **PHYSICAL SECURITY (BUILDING ACCESS).**
- ✔ **EMERGENCY CONTACTS AND PROCEDURES.**

The SBA recommends testing your plan by running drills once a year. A good idea as disasters seem to be happening more frequently and in unexpected ways.

## SKILL 7

## CONSIDER A PRODUCTIVITY ASSISTANT

As Chris Ducker said, you're wearing a lot of hats—maybe too many. One increasingly popular way to tip some of those caps off your head is to engage a virtual executive assistant. Virtual assistants are especially valuable in communication, organizational skills, time management, and basic accounting, doing the admin work you shouldn't be paying yourself to do in the first place. Consider these numbers:



If this sounds like you, there's a simple solution to getting that time back. Virtual assistants excel at:

- ✔ **CALENDAR MANAGEMENT AND MEETING SCHEDULING.**
- ✔ **INBOX MANAGEMENT AND PRIORITIZATION.**
- ✔ **TRAVEL PLANNING.**
- ✔ **CRM DATA ENTRY AND CLEANUP.**
- ✔ **FOLLOWING UP ON SALES LEADS.**

Managed virtual assistant providers recruit, hire, train, and manage virtual assistants on your behalf, giving you the productivity partner you need without spending time managing new staff. It's an ideal way to get the benefits of a professional admin with minimal risk on your part.



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## About Prialto

Prialto provides virtual administrative assistants to executives, entrepreneurs, and businesses. Its virtual executive assistant services are curated and managed from its headquarters in Portland, Oregon, with creative insights from global staff in Asia and Central America.