Volume 69, Number 6, 2010/2011

THE MUNICIPAL LIQUOR STORE

OFFICIAL PUBLICATION OF THE
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Why the Three-Tier System is Important

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ON THE COVER

The three-tier system is a core value of Minnesota alcohol regulation.

Each year (especially in 2011) there are legislative proposals that will have a negative impact on this system of alcohol distribution. While these proposals may seem tame by themselves, over time they provide the basis for additional changes that create increasing impact.

See pages 7 and 8 for more information on the three-tier system.

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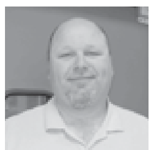

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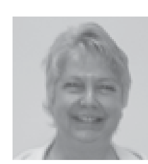


MMBA President's Message

Tom Agnes
President

Who Dat?

Recently I had the privilege to represent Minnesota Municipal Liquor at a Beverage Dynamics magazine convention in New Orleans along with our Executive Director Paul Kaspszak. In attendance were some small operations as well as large retail outlets. This was Beverage Dynamics first attempt at putting on a national conference for off premise calling it "BDlive", they have done the on premise in years past with their publication "Cheers".

The conference started with a reception at Club 44 (in honor of the Super bowl #44 victory) at the Superdome. This stung a little since we should have had that club at the Metrodome with the Vikings celebrating a Super Bowl win last year. But I am over it and moving on!

They had a very nice selection of appetizers and different drink stations of course I found the beer station that did not disappoint me. We had an opportunity to speak with Richard Brandes the editor of Beverage Dynamics and shared our unique situation in Minnesota with a private store operating many times just down the street from municipal stores. Based on our discussion he will be highlighting our "Hybrid Structure" in a future magazine. There may have been a stroll down Bourbon Street later that night and the consumption of a hurricane or two, along with a little alligator.

<u>But the real reason we were there took place the next day with the class schedule:</u>

Exploiting Chaos: How to Innovate - and Profit! - in This Economy
Jeremy Gutsche, Founder

Leveraging Trends to Your Advantage in the World of Beverage Alcohol
Nicholas A. Lake, VP, Client Service, Beverage Alcohol Team, The Nielsen Company

9 Steps to Outrageous Sales
Darryl Rosen, Management Consultant

Social Media Rules: Risks & Records, Policies & Procedures
Nancy Flynn, Founder & Executive Director, The E Policy Institute

Running Your Store with Your Head in the Clouds: Put Cloud Computing to Work for You
Jason Richelson, Founder

These were great speakers brought in to address a wide range of topics that could apply to all of us. I will not go into great detail on all of them. But I will highlight that Darryl Rosen will be speaking again at our conference in the spring. Also, things like Face Book may not seem like something we would use but it may be "THE" free advertising tool of the future. Cities like Lakeville and Darwin are already putting it into play. Social media is beginning to play a large part in communicating information of all sorts, why not features!

I know the phrase "networking" gets thrown around a lot, but the ability to speak with others in different markets like Chicago, New York and Florida opened my eyes to how nice we have here in Minnesota with our current structure under the three-tier system. One guy I spoke with in a tourist area of Florida was under a unique system where they could pay up $225 thousand dollars for a liquor license. Ouch!

I finish by saying that many of the things we heard here was not new information. However, it absolutely confirmed that what is happening in the Minnesota marketplace, and discussed with the MMBA membership at events and in publications, is happening all over the country.

Thanks and remember to talk with your legislators about liquor related issues that have an impact in your community.

Tom Agnes

MMBA President

Why the Three-Tier System is Important

The three-tier system mandates separation of the alcoholic beverage industry into three tiers: a supplier tier, a wholesaler tier, and a retailer tier.

The segmentation of the industry into three tiers serves multiple purposes ....

Without the three-tier system, the natural tendency historically has been for the supplier tier to integrate vertically. With vertical integration, a supplier takes control of the manufacture, distribution, and retailing of alcoholic beverages, from top to bottom. The result is that individual retail establishments become tied to a particular supplier. When so tied, the retailer takes its orders from the supplier who controls it, including naturally the supplier's mandate to maximize sales.

A further consequence is a suppression of competition as the retailer favors the particular brands of the supplier to which the retailer is tied--to the exclusion of other suppliers' brands.

With vertical integration, there are also practical implications for the power of regulators. A vertically integrated enterprise--comprising manufacture, distribution, and retailing--is inevitably a powerful entity managed and controlled from afar by non-residents.

The three-tier system was implemented to counteract all these tendencies. Under the three-tier system, the industry is divided into three tiers, each with its own service focus. No one tier controls another.

Further, individual firms do not grow so powerful in practice that they can out-muscle regulators. In addition, because of the very nature of their operations, firms in the wholesaling tier and the retailing tier have a local presence, which makes them more amenable to regulation and naturally keeps them accountable.

Further, by separating the tiers, competition, a diversity of products, and availability of products are enhanced as the economic incentives are removed that encourage wholesalers and retailers to favor the products of a particular supplier (to which wholesaler or retailer might be tied) to the exclusion of products from other suppliers.

Pre-Promotion Questions

- Is your main objective to use the promotion to introduce new customers to the facility?
- Is it to increase gross sales or net profits? If yes, by how much and are these reasonable figures?
- Is the objective just to focus attention on the facility, or enhance its image, without caring about sales figures and income?

The Perils of Deregulation

By Mike Madigan, Minnesota Beer Wholesalers Executive Director

The Need for Alcohol Regulation

We all recognize the attributes of alcohol when responsibly used and the dangers when abused. The goal of alcohol regulation is to balance product availability with appropriate control in order to prevent or at least limit alcohol abuse and underage sales. Regulation is designed to protect consumers against unlawful sales practices, excessive sales promotion, alcohol abuse, and access to minors.

Minnesota has found the appropriate balance between availability and control. We have per capita consumption rates of beer at the national average and we enjoy significantly lower than aveage rates of alcohol-related accidents and abuse. Our beer prices are slightly below the national average. We have enough, but not too many, liquor stores conveniently located throughout the state, which responsibly control their inventory, create jobs, and pay taxes. Our municipal liquor stores are an important source of revenue for many Minnesota communities. We have an orderly, accountable, and transparent beer distribution system. We enjoy unprecedented consumer choice of beers and product freshness in this state. We have a thriving small brewery industry.

Minnesota's Beer Regulatory Laws, through the establishment of the three-tier system, create checks and balances between suppliers and retailers, moderate the sale and promotion of beer, and establish an orderly, transparent and accountable distribution system. These laws also create a level playing field between and among retailers. For instance, the Ban on Credit policy, which is currently part of Minnesota's regulated system, ensures that big-box retailers like Wal-Mart may not obtain more favorable credit terms than smaller retailers. If the Ban on Credit policy was eliminated, it would lead to a price monopoly by big-box retailers and less competition — as big-box retailers offer fewer choices and higher prices for consumers.

Similarly, like every other state in the country, beer in Minnesota is distributed through exclusive sales arrangements. Exclusive territories serve several important regulatory goals: (1) they protect product quality by ensuring that wholesalers monitor and replace overage beer at their own cost; (2) they ensure that every retailer in a given area will have access to every brand and package of beer sold in that area on a timely basis; (3) they ensure better service and wide consumer choice; (4) they preserve competitive pricing; and (5) they facilitate the collection of taxes. It is worth noting that many other products are also distributed through exclusive territories, which prohibit intra-brand competition, on the one hand, but promote inter-brand competition, on the other.

The Dangers of Deregulation

Big Box retailers like Wal-Mart seek to deregulate the alcohol industry for their own enrichment. Deregulation of the industry, however, will undermine the successful system and give an unfair advantage to large, big-box retailers. It would also likely come at the cost of increased alcohol abuse, increased underage sales, failed businesses, lost jobs, lost municipal revenue, lost tax revenue, monopoly control of retail, less consumer choice, and product quality deterioration.

The current system allows small and medium-sized businesses to thrive because it provides an equal and level playing field for all retailers. The current regulatory system prevents massive disruptions in the retail market which would destabilize a level, retail playing field and jeopardize the financial viability of many retailers. Without regulation, many smaller retailers would struggle to survive against these financial behemoths and would be subjected to undue pressure to generate sales at any cost (including, perhaps, sales to minors, excessive marketing and trade practice violations).

Regulation of alcohol is the only safe and responsible choice for Minnesota.

Hats Off to Bemidji

The following was written by Bemidji finance director Ron Eichens. It was included in the city newletter and sent to city council press, employees and other organizations...

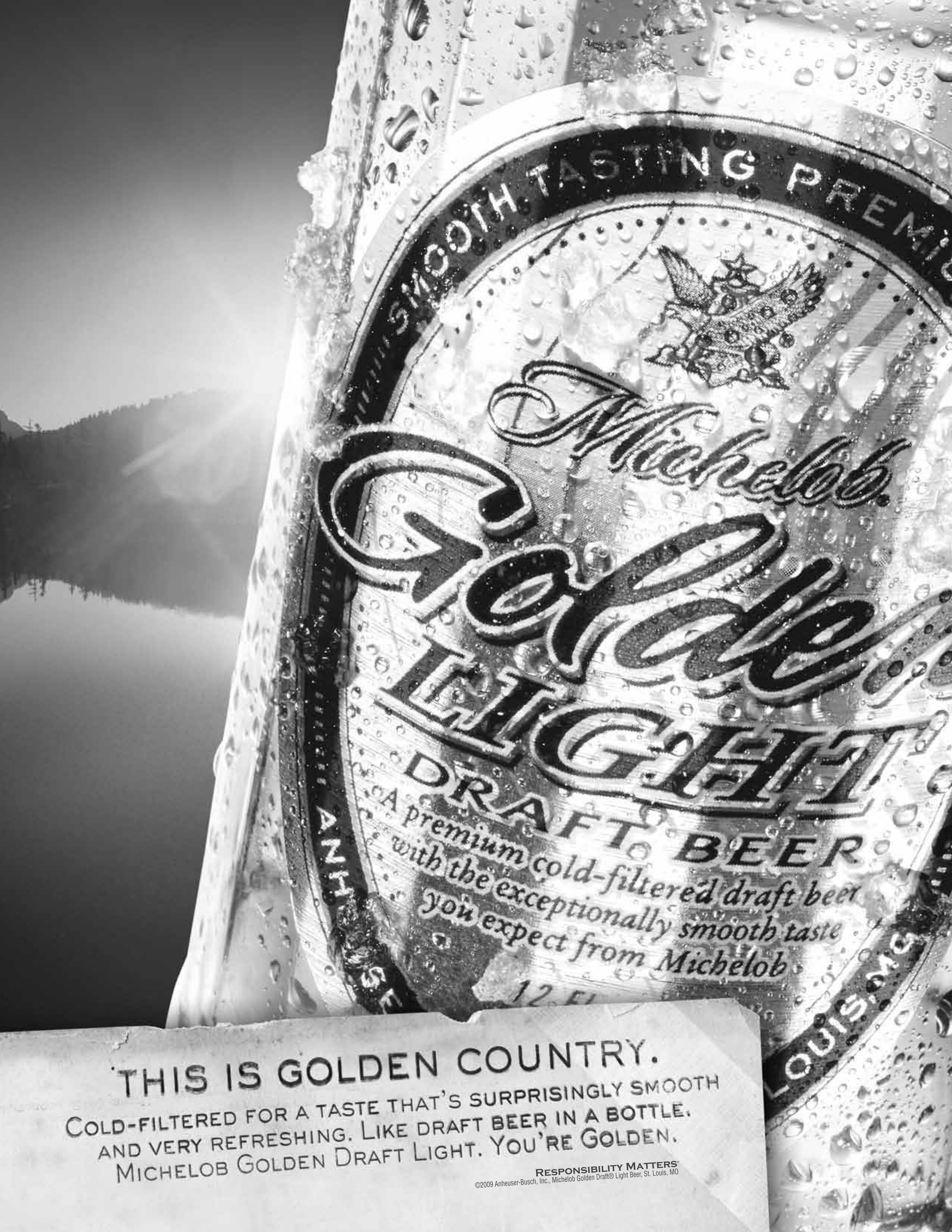
Liquor store profits contribute $275,000 annually to subsidize the general fund budget and property tax levy.

If liquor store profits were not available the city would need to increase property taxes by 7% to generate the same funding.

Although we are finalizing 2010 financial results, the liquor store had another fantastic year. Sales were up but more importantly gross profit margins increased over 2%.

In addition, the change in credit card processing firms approved earlier this year is saving approximately $600 a month in credit card fees.

Hats off and kudos to the liquor store employees for their hard work!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Sunday Off-Sale is NOT About a "Day Off"

Recently there have been several news reports concerning a legislative proposal to allow Sunday off-sale – a proposal MMBA opposes. Many of the reports focus on a "We don't want to work on Sunday / It is our only day off" message.

Sunday Sales is not about working hours. It is about spreading six days of sales over seven days of expenses. Alcohol is not a destination purchase. People don't get up and say "let's go alcohol shopping." It is an impulse purchase that in the vast majority of locations doesn't pay the day's bills. All of the Minnesota cars buying in Wisconsin on Sunday are coming from multiple locations to one store.

In addition, Sunday Sales has the potential to lead to the elimination of 3.2 beer and ultimately Wine in Grocery.

Here is an article from Colorado...

Surrounded by a cadre of gas station managers and owners, primarily representing 7-Elevens and Loaf 'N Jugs, Parker stood in front of 66,000 dramatically stacked signed petitions during a press conference in the Old Supreme Court Chambers hearing room at the state Capitol on Tuesday. The petitions, collected at 7-Eleven and Loaf 'N Jug stores statewide, ask the Legislature to allow gas stations and grocery stores to sell full-strength beer.

Until last year (2008), Colorado law prohibited liquor stores, which sell full-strength beer, from remaining open on Sundays. That had given an opening to convenience store owners, who are able to sell only lower strength 3.2 beer, permitting them a monopoly on liquor sales one day each week.

However, as soon as the Legislature passed a partial repeal of the state's Blue Laws in 2008 allowing liquor stores to stay open and sell full-strength beer on Sundays, Parker says convenience stores such as his lost 75 to 80 percent of their Sunday beer sales. The storeowners say beer sales make up 6 percent of their total revenue.

Parker said now that 3.2 beer is obsolete, "The loss of sales has hurt us, and today we are only asking for the ability to compete."

Parker could be in luck. If state Sen. Jennifer Viega, D-Denver, and Rep. Buffie McFadyen, D-Pueblo West, are successful, a bill they are moving through the Legislature this year would allow the sale of full-strength beer at convenience stores.

"I certainly recognize that, with the passage of Sunday sales (last year), there has been a detrimental impact on you, on your sales and to the grocery stores who are now selling an obsolete product," Viega said to the room of storeowners. "Consumers want easy access (to products), and this allows for that."

Not everyone is behind the change. Owners of liquor stores and craft breweries said allowing convenience and grocery stores to sell full-strength beer is paramount to putting another nail in their industry's coffin. Although liquor store and brewery owners say the simple convenience of not having to make a special trip to a liquor store to buy full-strength beer seven days a week is of concern, they also expressed the fear that grocery stores will undercut the price of their liquor products as part of a rewards program for frequent shoppers.

Currently, King Soopers and Safeway discount gasoline to reward customers who reach a spending threshold.

"This legislation is not about convenience and fair competition, it's about jobs, jobs, jobs," said Jeanne McEvoy, executive director for the Colorado Licensed Beverage Association.

McEvoy said similar legislation in other states has had a devastating effect on liquor store owners, and she said South Dakota offers an example of how such a policy can destroy businesses and reduce employment opportunities statewide.

In South Dakota, 48 liquor stores were in business before similar legislation was passed. Within 10 years of the legislation's passage, only three remained. She estimates that 700 liquor stores in Colorado would close within three years should the proposed law pass.

"If the state of Colorado has a problem with Sunday sales, then fix Sunday sales," McEvoy said. "But robbing Peter to pay Paul is never good policy."

However, the bill, which was introduced this week, may not have such a dire consequences for owners of Colorado's liquor stores, supporters said.

Five states, including Colorado, still sell 3.2 percent beer while 36 states allow beer and wine sales in grocery stores, McFayden said, adding that those 36 states have found ways to make it work.

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Why We Buy – The Science of Shopping

Long time MMBA members know that one of executive director Paul Kaspszak's favorite authors is retail specialist Paco Underhill. His concepts and conclusions are a "must-read" for improving operations. The following is a summary of his book, "Why We Buy – The Science of Shopping."

Why We Buy - The Science of Shopping
by Paco Underhill
Simon & Schuster, New York, 1999
ISBN 0-684-84913-5

Paco Underhill describes himself as an urban geographer and retail anthropologist. He is the founder of Envirosell, a research and consulting firm that specializes in improving retail environments in order to sell more product. His fundamental research methodology is to track customers as they move through stores; observe (unobtrusively) their browsing and purchasing patterns; and take detailed notes of how long they spend in each area of the store, what they touch and look at, what they buy, how much they spend, etc. etc. After more than twenty years of doing this, he has compiled a hugely detailed data base of shopper behavior patterns. He can tell you, for example, that 65% of males who take jeans into a fitting room will buy them, as opposed to 25% of women. Or that 4% of browsers will buy a computer on Saturday at noon, compared to 21% of browsers on the same day at 5 o'clock. Why We Buy is a summary of some of the important findings coming out of that research.

The book is divided into three parts. The first part considers the mechanics of shopping: how people physically react to the layout of space, other people in the store, etc. The second part deals with the demographics of purchasing: the different behaviors of men, women, seniors, and kids. The third section of the book tackles the dynamics of shopping: in other words how shoppers respond psychologically to the placement of merchandise, packaging, and other features of the merchandise itself.

The book is filled with fascinating insights and statistics that come from this 'unobtrusive observation' method of analyzing consumer behaviour, and they are written up in a very readable and entertaining manner. As an example, in the first part of the book Underhill talks about how most retailers do not realize that the 'transition zone' between the outside and the inside of the store - that space just inside the door, where shoppers are adjusting to the interior of the place - is very ineffective selling space:

"Boom. We hit the doors and we're inside. Still got that momentum going, too. Have you ever seen anyone cross the threshold of a store and then screech to a dead stop the instant they're inside? Neither have I. Good way to cause a pileup. Come over here, stand with me now and watch the doors. What happens once the customers get inside? You can't see it, but they're busy making adjustments - simultaneously they're slowing down their pace, adjusting their eyes to the change in light and scale, and craning their necks to begin taking in all there is to see. Meanwhile their ears and noses and nerve endings are sorting out the rest of the stimuli - analyzing the sounds and smells, judging whether the store is warm or cold. There's a lot going on, in other words, and I can pretty much promise you this: These people are not truly in the store yet. You can see them, but it will be a few seconds before they're actually here. If you watch long enough, you'll be able to predict exactly where most shoppers slow down and make the transition from being outside to being inside. It's at just about the same place for everybody, depending on the layout of the store.

All of which means that whatever's in the zone they cross before making that transition is pretty much lost on them. If there's a display of merchandise, they're not going to take it in. If there's a sign, they'll probably be moving too fast to absorb what it says. If the sales staff hits them with a hearty "Can I help you?" the answer's going to be "No, thanks". I guarantee it. Put a pile of flyers or a stack of shopping baskets just inside the door: Shoppers will barely see them, and will almost never pick them up. Move them ten feet in and the flyers and baskets will disappear. It's a law of nature - shoppers need a landing strip." (pp. 46.47)

One fundamental (and probably not too surprising) result of Underhill's research into shopper behaviour is that the amount of money spent in a store is positively correlated with the amount of time spent. (Simply: keep 'em in the store longer and they'll spend more dough.) Accordingly, much of Envirosell's research on the mechanics of shopping deals with strategies to do this.

<u>Some insights dealing with the mechanics of shopping that bear on this include:</u>

- The "butt brush" effect - if aisles are too narrow or crowded, and shoppers have to bend over to reach merchandise, they are exposed to being brushed or touched by other shoppers as they pass by - this is a definite turn-off to shoppers (especially women), and will reduce the amount of time spent in the store and thus the total amount of money spent.

(Continued on next page)

- Shoppers need the use of their hands to touch, feel, pick up and examine merchandise - if they are burdened down with a coat, several other items that they have picked up, a toddler, etc., they will spend less time in the store than if they had a shopping cart, access to a coat check, strollers, baskets (placed inside the store interior where they could actually be useful to someone who has already accumulated a few items), etc.

- Very often, signs in retail environments contain too many words to be scanned quickly, and are placed in locations where they will never be noticed - "Putting a sign that requires twelve seconds to read in a place where customers spend four seconds is just slightly more effective than putting it in your garage." (p.63).

- The typical movement and flow patterns of people are important to know in designing retail environments - for example, individuals tend to turn to the right when moving through a store - another tidbit: people tend to slow down when they approach reflective surfaces - Chapter 6 of the book is filled with little pointers like this.

- Providing convenient and strategically located seating areas for customers will, again, keep them in the store longer and thus increase the amount sold.

- Adjacencies can be very important in the placement of merchandise in order to maximize sales - for example, the salsa should be next to the chips, not in the condiments section - the pasta sauce should be in the pasta section, not next to the salsa.

The second part of the Why We Buy is devoted to a discussion of the demographics of shopping - how different types of customers vary in their attitudes and approaches to shopping. Main segments considered: men, women and seniors.

<u>Some of the more interesting observations that Underhill makes here include:</u>

<u>Regarding men:</u>

- Only 72% of men read price tags on items, as compared to 86% of women - for a man, ignoring the price tag is a measure of his virility.

- When a man accompanies a woman shopping, her time in the store is drastically cut down (women accompanying other women while shopping spend almost twice as much time in a store as a woman and a man).

<u>Regarding women:</u>

- Women generally take pleasure and pride in the shopping experience (as opposed to men, who generally just want to get in and get out, unless they are shopping for pecific male-oriented items such as power tools, stereos or computers) - accordingly, the shopping environment for women should be relaxing, pleasant, featuring all of the positive layout factors previously discussed that will keep them in the store for a longer period of time.

- As women take on more of the responsibilities of shopping for all items (as a result of more single family households and a general breaking down of the traditional sex-oriented shopping roles in the family) the traditional male retail preserves (such as Joe's Hardware) will become more oriented towards women's shopping preferences (the demise of Joe's hardware in favour of places like Home Depot attest to this trend).

(Continued on next page)

Regarding seniors:

Underhill makes the sobering point that many of us will spend more time being old then the time we had being young. It follows then that store layouts and packaging design will have to change in order to accommodate us aging baby boomers. This will include larger print on packages (older eyes have difficultly reading anything less than 12 point type); better lighting in stores (older eyes at age 50 receive about 25% less light than eyes at age 20 due to discolouration of the cornea); and sharper colour distinction on signs and certain store areas (for example, on stairs, where it is critical that older patrons be able to easily distinguish the rise from the run part of the step, to avoid tripping).

Store layout, too, will need to be redesigned with larger aisles and ramps to accommodate walkers and motorized wheelchairs.

The final third of the book is devoted to a discussion of how shoppers psychologically react to shopping environments. Much of this discussion covers and reinforces ground that he dealt with in earlier sections of the book, but there is some additional material introduced.
A couple of points he makes here are:

- Many stores do not provide opportunities for shoppers to touch and feel the merchandise, and yet this sensual experience can be very influential in making the sale ¬ in fact, Underhill devotes an entire chapter (Chapter 12) to the 'sensual shopper', where he emphasizes the importance of engaging the senses in the shopping experience (a prime example he uses here is the smell of freshly baked bread that greets one upon entering some supermarkets, which he can correlate directly with increased spending).
- Lines and time spent waiting at the checkout can ruin the entire shopping experience ¬ even if the overall shopping expedition has been wonderful, the perception that too much time is being spent in line can ruin the entire experience for many customers. Underhill estimates that about two minutes is the limit of most people's tolerance - after that, they do the slow burn. He recommends a variety of distractions that can be placed strategically in order to change the perception of how much time is being spent waiting.

Why We Buy makes for interesting reading if you're a marketer, and probably fascinating (and likely essential) reading if you're a retailer. Either way, it's an interesting and enjoyable book.

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Plan Your Calendar

MMBA Annual Conference

May 22-24, 2011
Arrowwood Resort

Recognizing (and Avoiding) Common Management Mistakes

Recognizing (and Avoiding) Common Management Mistakes

Mistakes are nature's way of showing you that you're learning. As a manager, you will make mistakes, but you can avoid common managerial errors by knowing where the common pitfalls are.

Thomas Edison once said that it takes 10,000 mistakes to find an answer. Here are some traps that new and experienced managers alike can fall victim to.

Not making the transition from worker to manager

When you're a worker, you have a job and you do it. Although your job likely requires you to join a team or to work closely with other employees, you're ultimately responsible only for yourself. Did you attain your goals? Did you get to work on time? Was your work done correctly? When you become a manager, everything changes. Suddenly, you are responsible for the results of a group of people, not just for yourself.

Becoming a manager requires the development of a whole new set of business skills – people skills. Some of the most talented employees from a technical perspective become the worst managers because they fail to make the transition from worker to manager.

Not setting clear goals and expectations

Do the words *rudderless ship* mean anything to you? They should. Effective performance starts with clear goals. If you don't set goals with your employees, your organization often has no direction and your employees have few challenges. Therefore, your employees have little motivation to do anything but show up for work and collect their paychecks. Your employees' goals begin with a vision of where they want to be in the future. Meet with your employees to develop realistic, attainable goals that guide them in their efforts to achieve the organization's vision. Don't leave your employees in the dark. Help them to help you, and your organization, by setting goals and then by working with them to achieve those goals.

Failing to delegate

Some surveys rank "inability to delegate" as the No.1 reason that managers fail. Despite the ongoing efforts of many managers to prove otherwise, you can't do everything by yourself. And even if you could, doing everything by yourself isn't the most effective use of your time or talent as a manager.

When you delegate work to employees, you multiply the amount of work that you can do. A project that seems overwhelming on the surface is suddenly quite manageable when you divide it up among 12 different employees. Furthermore, when you delegate work to employees, you also create opportunities to develop their work and leadership skills. Whenever you take on a new assignment or work on an ongoing job, ask yourself whether one of your employees can do it instead (and if the answer is yes, then delegate it!).

Failing to communicate

In many organizations, most employees don't have a clue about what's going on. Information is power, and some managers use information — in particular, the control of informtion – to ensure that they're the most knowledgeable and therefore the most valuable individuals in an organization. Some managers shy away from social situations and naturally avoid communicating with their employees — especially when the communication is negative in some way. Others simply don't make efforts to communicate information to their employees on an ongoing basis, letting other, more pressing business take precedence by selectively "forgetting" to tell their employees.

The health of today's organizations — especially during times of change — depends on the widespread dissemination of information throughout an organization and the communication that enables this dissemination to happen. Employees mustbe empowered with information so that they can make the best decisions at the lowest possible level in the organization, quickly and without the approval of higher-ups.

Not making time for employees

To some of your employees, you're a resource. To others, you're a trusted associate. Still others may consider you to be a mentor, while others see you as a coach or parent. However your employees view you, they all need your time and guidance during the course of their careers. Managing is a people job — you need to make time for people. Some workers may need your time more than others. You must assess your employees' individual needs and address them.

Although some of your employees may be highly experienced and require little supervision, others may need almost constant attention when they're new to a job or task. When an employee needs to talk, make sure that you're available. Put your work aside for a moment, ignore your phone, and give your employee your undivided attention. Not only do you show your employees that they are important, but when you focus on them, but you also hear what they have to say.

Not recognizing employee achievements

In these days of constant change, downsizing, and increased worker uncertainty, finding ways to recognize your employees for the good that they do is more important than ever. The biggest misconception is that managers don't want to recognize employees. Most managers agree that rewarding employees is important; they just aren't sure how to do so and don't take the time or effort to recognize their employees.

The most effective reward — personal and written recognition from one's manager — doesn't cost anything. Don't be so busy that you can't take a minute or two to recognize your employees' achievements. Your employees' morale, performance, and loyalty will surely improve as a result.

Failing to learn

Most managers are accustomed to success, and they initially learned a lot to make that success happen. Many were plucked from the ranks of workers and promoted into positions as managers for this very reason. Oftentimes, however, they catch a dreaded disease — *hardening of the attitudes* — after they become managers, and they only want things done their way.

Successful managers find the best ways to get tasks done and accomplish their goals, and then they develop processes and policies to institutionalize these effective approaches to doing business. This method is great as long as the organization's business environment doesn't change. However, when the business environment does change, if the manager doesn't adjust — that is, doesn't *learn* — the organization suffers as a result.

Today, managers have to be ready to change the way they do business as their environments change around them. They have to constantly learn, experiment, and try new methods. If a manager doesn't adapt, he or she is doomed to extinction — or at least irrelevance.

Resisting change

If you think that you can stop change, you're fooling yourself. You may as well try standing in the path of a hurricane to make it change its course. The sooner you realize that the world — your world included — will change whether you like it or not, the better. Then you can concentrate your efforts on taking actions that make a positive difference in your business life. You must discover how to adapt to change and use it to your advantage rather than fight it.

Instead of reacting to changes after the fact, proactively anticipate the changes that are coming your way and make plans to address them before they hit your organization. Ignoring the need to change doesn't make that need go away. The best managers are positive and forward-looking.

Going for the quick fix over the lasting solution

Every manager loves to solve problems and fix the parts of his or her organization that are broken. The constant challenge of the new and unexpected (and that second-floor, corner office) attracts many people to management in the first place. Unfortunately, in their zeal to fix problems quickly, many managers neglect to take the time necessary to seek out long-term solutions to the problems of their organizations.

Instead of finding the tumor and performing major surgery, many managers simply dole out aspirin. You have to look at the entire system and find the source if you really want to solve a problem. After you find the cause of the problem, you can develop real solutions that have lasting effects. Anything less isn't really solving the problem; you're merely treating the symptoms.

Taking it all too seriously

Business is serious business. If you don't think so, just see what happens if you blow your budget and your company's bottom line goes into the red as a result. Regardless — indeed, *because* — of the gravity of the responsibilities that managers carry on their shoulders, you must maintain a sense of humor and foster an environment that is fun, both for you and your employees. Invite your employees to a potluck at the office, an informal get-together at a local lunch spot, or a barbecue at your home. Surprise them with special awards, such as the strangest tie or the most creative workstation. Joke with your employees. Be playful.

When managers retire, they usually aren't remembered for their fantastic budgetary or disciplinary performance. Instead, people remember that someone brightened their days or made their work more tolerable. Don't be a stick in the mud. Have some fun.

Read more: http://www.dummies.com/how-to/content/recognizing-and-avoiding-common-management-mistake.html#ixzz1CwdPrZNw

Many people say study, education and thinking take time and can be expensive.

Well, as the old saying goes, "if you think study, education and thinking are expensive, why don't you try ignorance?"

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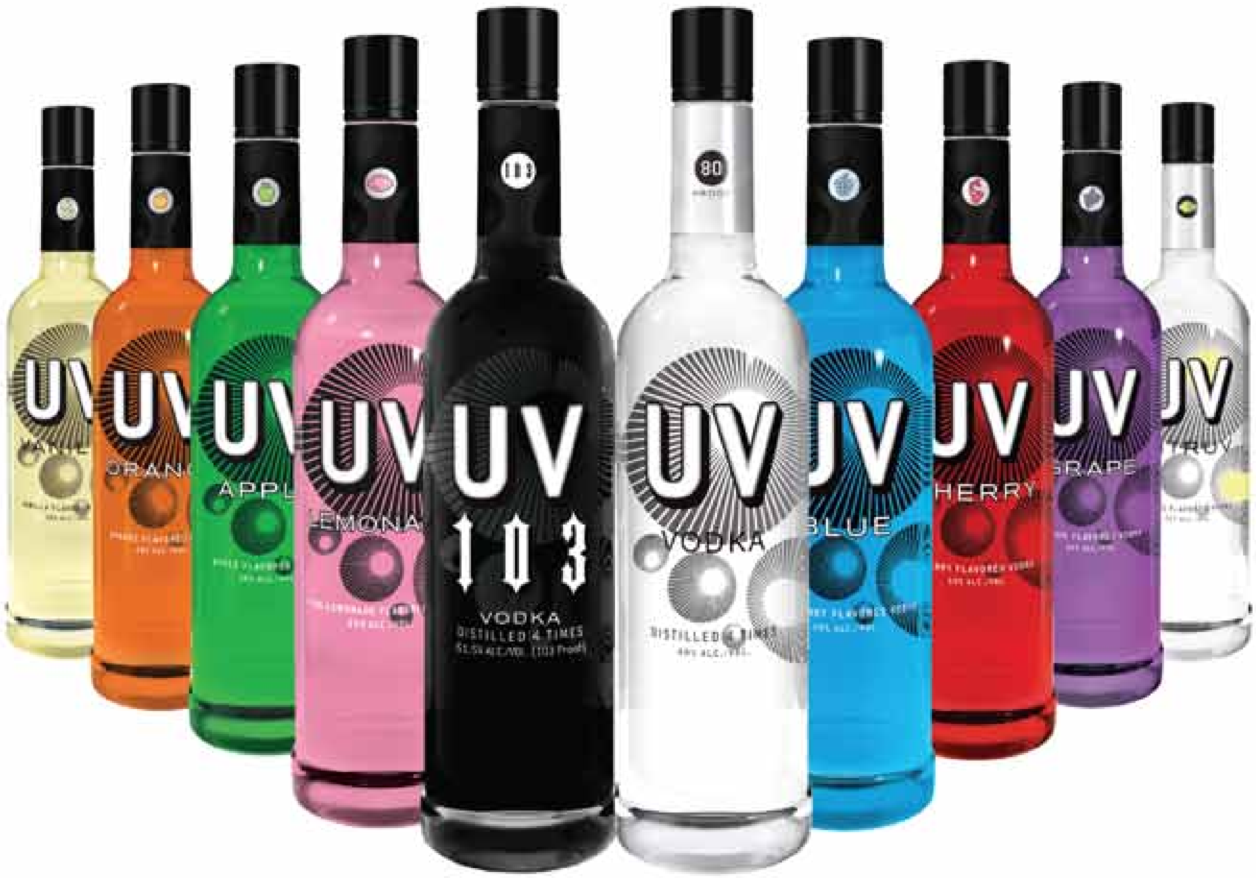

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