

Much has been written about the need for small and mid size business owners to protect their "intangible assets." And the reference is usually to patents, copyrights, trademarks, trade secrets and computer data.

There are other intangible assets that are often even more important. And some of these company "secrets" cannot be protected or insured in traditional ways.

Business owners need to think about what factors distinguish them from the competition and make up their competitive advantage. These attributes often include –

- ♦ highly skilled employees;
- ♦ unique business processes or the way you handle customers, produce your product or deliver your service; and
- ♦ strong customer loyalty.

Once you have identified your strong points (usually the Strengths in your SWOT analysis), then you can determine how best to protect these intangible advantages.

Special employees are either wonderful with customers or have unique skills to produce and deliver high quality goods and services in a cost effective way. These people and their skills are "assets" to your firm. You need to ensure they are kept satisfied. In today's world that can mean being recognized and feeling important about their contributions, being encouraged to continue their skill development, and having a say in changes that affect them or their area. It also means company attention - not just lip service - to safety and safe work areas (let's avoid having that key employee injured!), and to cross training so others learn and are able to perform at least some of the unique service delivery.

Unique ways of doing things are special assets too. You are often remembered and sought out by customers for these

attributes. You need to ensure there is a documented procedure guide or simple checklists so nothing in your delivery gets forgotten or misunderstood. You also need to insist on wide-open channels of communication between all levels of employees and between different areas of the company. This culture requires training and reinforcement. There is no room today for "hoarders" of information (the "little Napoleons" who can kill competitive advantage), or for "silos" where one department doesn't talk to another ("Those sales people never understand, they just complain.")

Many smaller firms thrive on strong customer loyalty. At first blush it might look like it's just the personality of the owner. But deeper there are standards and credos and an organizational culture. These are wonderful assets that need to be not only protected, but nurtured. Much of this comes from hiring the right people; some comes from the cultural training in the paragraph above; and a lot comes from a disciplined, dedicated focus on the customer. It's both an art and a science: a standardized process of regularly and continually discovering (asking) what the customers love (and hate) is a good start. Fine-tuning your service delivery is "walking the talk" and proving you are really listening. And asking for referrals and leads shows you appreciate the business relationship: and if you get them it shows a deep level of trust in you and your firm.

Your reputation is the product of all of these distinguishing factors, and more. Reputations are built over a lifetime and can be lost in an instant. And they're *not* insurable. Protecting reputations will be the subject of a future article focusing primarily on liabilities.

All of this can be classified under Risk Management: the best kind is proactive and flexible, yet rooted in strong culture and customer expectations.