

# Profit Builder

A JOINT PUBLICATION OF

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## Special points of interest:

- Here are just some of the business issues we can help you with:
- How to work ON your business, not IN it—following the E-Myth.
- What it takes to create the perfect turn-key operation.
- How to develop your essential business skills.
- How to create the ideal marketing plan.
- How to build a business that works by itself.
- How to get extraordinary results from ordinary people.
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## How to Make a Budget

Running a business without a budget is like trying to drive a car without gas. Even the smallest business needs a budget.

To start developing a budget, you need to **review your income and expenses**. Be sure to look at past records, such as financial statements and tax returns. If you don't have any previous records to work from, look at a similar type of business and use its budget as a model for your own. Once you have all of your information, list all expenses for three to six months or even the entire year if your business is seasonal.

**Divide your expenses into relevant**

**categories**, such as debt, human resources and overhead. See if there are any spending patterns in each category. Also, remember to save money for emergencies or economic downturns. Be sure to allocate money for repairs, maintenance or any big investments.

Then use the figures and spending trends to **project amounts for each area**. Include annual totals, adjusting them for changes that you foresee to your business or the economy. You may want to create benchmarks for shorter, easily managed periods, such as one or two weeks. Consider periodically reviewing the numbers and adjust

them if your business conditions change.

Now comes the hard part: **Sticking to your budget**. Share it with your company's advisors, employees, and bookkeeper to get their support. Remember your budget may have to be revised periodically depending on revenues generated, company direction and market opportunities. However, careful budgeting will prevent large unforeseen lapses in your cashflow.

For assistance, please feel free to call us.

## Are Your Rules Too Rigid or Just Right?

Use this checklist to determine whether your rules are too rigid or just the right balance:

Does the rule affect one group or employee disproportionately to the rest of your team?

Is the policy truly necessary when considering the work the person does?

Does this policy conflict with actual working conditions?

Do I have a sound business justification that I can clearly and easily communicate?

Have I clearly outlined and identified when and how the policy will be enforced?

Have there been occasions in the past where this rule would have been useful?

Am I really willing to enforce this policy consistently and earnestly?

Have I documented the policy clearly and thoroughly and made sure every employee is aware of the changes?

Will it cost me more time, money and effort to enforce the policy than what I chance to gain by having the rule?

Have I clearly thought out and communicated the consequences for breaking this rule?

## Controlling Expenses to Control Cash Flow



Expenses and sales have an intimate relationship. Knowing how your costs move will help you control your cash flow and project your future.

**Fixed costs** remain relatively constant in the short term. Gradually as sales increase to higher levels, your fixed costs will grow.

As your business grows you may have to acquire more space. This is true of vehicle ownership,

insurance, employee benefits and telephone line charges.

To control these expenses, delay increases as long as possible and make the expansions as small as practical. Some additional control methods include:

Renting temporary space on a short lease.

Leasing rather than buying additional vehicles.

Outsourcing office work.

When sales increase, **variable expenses** per unit remain the same, but total costs rise with sales. Some strategies for controlling this relationship include:

Efficient manufacturing to reduce material or labor costs.

Proper scheduling to reduce expensive rush delivery charges.

For highly variable cost changes that may be affected by weather, gasoline prices, or factors outside of your control, maintain

## Treating your Staff and Your Business to a Retreat

*"Big shots are only little shots who keep shooting."*

**Christopher Morley**

It may seem like a luxury or a waste of time and money, but staff retreats can be valuable energy boosters for your team. And this *is* good for your bottom line. To get the most from a retreat, consider these tips.

**Opt for an off-site location.** This reduces interruptions and sends a message to your team that this is important. After all, you have

invested significant time and money to coordinate it off-site.

**Have a purpose.** Be sure to do your homework before the retreat. Have clear goals outlined and tasks you want to accomplish with your team. You may decide a retreat is a regular part of your visioning process and hold one annually.

**Use a facilitator.** If you are experi-

encing tense relations with your team, you may want to hire a professional facilitator to open communication. Facilitators may also have specific expertise in customer relationship, marketing and organizational development strategies.



## Office Humor: Uh-oh

One day a secretary is leaving on her lunch break, and she notices her boss standing in front of a shredder with a clueless look on his face. The secretary walks up to him and asks if he needs help.

"Yes!" he says looking and sounding relieved, "This is very important."

Glad to help, she turns the shredder on and inserts the paper. Then her boss says,

"Thanks, I only need one copy."

### 3 Types of Competitors

When you know who is vying for your customers, you can make more strategic decisions about how to appeal to current and potential customers. Consider three categories:

**Direct competitors** are the specific brands or companies you feel tugging at your customers every day. They compete in the same geographic area as you do and they market a similar product or service.

**Indirect competitors** belong to a different business category, operate in a more remote location but offer a similar service or product.

**Occasional competitors** are those companies who appeal to a similar interest of your customers or clients. For example, a hardware store customer might purchase with a home improvement in mind or they might make a purchase with a hobby that

requires certain tools in mind. On the occasion that the customer is purchasing home improvement items, other home improvement stores can be seen as competitors. Likewise, when the customer has the occasion to spend money on his/her hobby, hobby stores would be considered the occasional competitor.



### Know Your Business So You Can Bust the Competition

To succeed and get the most out of your marketing efforts, you have to first make some critical decisions and close the gap on the range of competition. It's a mistake to try and be too much to too many people. In this marketplace, the winners exercise honesty with themselves and their customers about what they offer and whom they serve. Before you analyze your competi-

tion, clarify what your business does:

- What industries is my business in?
- What products and services do we offer?
- What brands are in direct competition with mine?
- Where do we do business?
- What are our channels of dis-

tribution?

The clearer you are about what business you are in, the clearer your customers will be. Remember the fastest way to success is differentiating your business from the rest. Use these questions as a foundation for defining your business.

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*"Common sense is the knack of seeing things as they are, and doing things as they ought to be done."*

**Harriet Beecher Stowe**

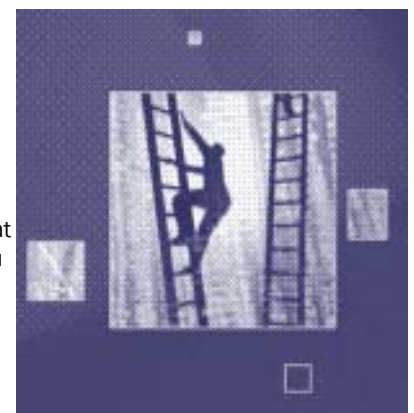
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### Team Up with Quality Players

Strategic alliances can be one of your best marketing tools. But like anything else, you need to be strategic in you picking and choosing the right alliance. Do some research about a company before you approach them about an alliance. Consider these basic guidelines for picking and choosing.

- Alliances need to meet your quality level or surpass it. Lower quality partners "lower the bar" for your company.
- Strive to bring in partners with slightly higher quality standards. It will lift the customer perception of your company and reduce potential dissatisfaction.

- Make sure you find a partner you feel you can reasonably trust.
- Finally, look for companies that have longer track records. You can leverage their credibility when you make sales calls.



# Listen Hard, Talk Straight with Your Customers

If you want any relationship to work, you have to get this right. Honest, two-way communication is the foundation for trust, respect, integrity and loyalty. And it doesn't always come easy. It often requires courage.

Consider your own experience as a customer. Remember a time when you felt cheated, misled or just plain jerked around. The business may not have even been *intentionally* cheating you or jerking you around. But the point is you felt that way. And you may have customers who have felt the same way about your business.

Think back to your bad experience. Would you have felt differently if the company had clearly stated prices, order tracking or delivery schedules that were available to you as a customer? Would it have made a difference if someone had recognized the problem they caused you, accepted responsibility and offered an alternative? Would you have felt more positive if you felt like someone really listened to you? Would you have more faith in the business if a representative of that business just plain told you the truth instead of trying to cover their tracks or avoid having to resolve the problem? Chances are you're

saying yes right now.

If you want to create a lasting relationship with your customers, it would be wise to make sure you offer them the truth and an open ear. No one wants to feel ignored or dismissed, especially if they are already upset. This applies to your employees too.

One of the best ways to let your customers know you are listening is to implement their ideas. Who better to know how you can better serve them than your customers? When they let you know what you can do to make them happier, truly listen and assess their ideas.

# Beyond The Bean Counter

"Do what you do best"... an old adage but one with merit.

A business doesn't start itself and rarely grows itself. It takes an entrepreneurial spark, devotion, hard work and the wearing of many hats. Unfortunately not all the hats fit comfortably, that is when you hit the "growth wall".

As Business Development Professionals, we provide unique and distinctly different tools which assist our clients in breaking through the "growth wall". Furthermore we guarantee **Results!**

What sets us apart is our business experience and acumen. Our professional staff have worked on both sides of the business table and for this reason, are considered a valued members of our clients' management team.

Greg Short, CA, has held senior management positions in both manufacturing and distribution businesses. His strength is in Strategic Planning and Succession Planning.

Anthony Cusimano, CA, was previously the CFO with a Major Real Estate developer.

He has dealt with complex issues in joint ventures, partnerships and corporate conglomerates.

When we sit at your boardroom table you can be assured we'll get a firm grasp of your total business picture.

## See For Yourself

Call us for your complimentary Business Development Assessment (a \$500 value). We will send you a questionnaire and review the results with you.

**DISCLAIMER:** Information provided in this publication is intended as general information only and should be considered carefully for your own business situation before use. This firm and any associated companies accept no responsibility or any form of liability from reliance upon or use of its contents.

Let us show you the

4 Ways to Grow

Your Business!!

A Joint Publication Of

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