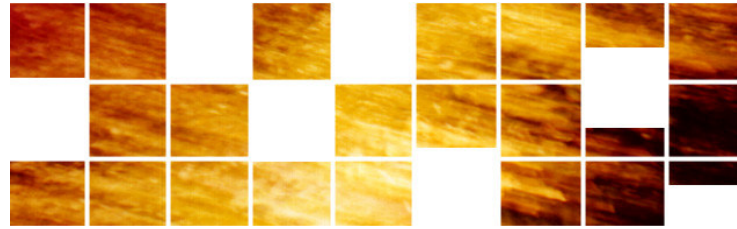


Professional Sales Consultants Inc

"Possibility-Based Thinking Strategies Since 1980"



Common Business Patterns

Ten reasons why businesses fail:

1. **Inadequate financial records.** Keep track of how much money is on hand and how much is owed to understand the financial picture. Maintaining detailed books and an appropriate record of sales and business is necessary. Keep records current and detailed.
2. **Disregard for or misinterpretation financial records.** Improper funding and failure to oversee debtors and creditors are examples of disregard or misinterpretation of records. Keep control of payables and receivables. A business could experience a profitable year and have solid accounts receivable on the books, but be cash poor due to lack of control.
3. **Failure to control costs.** Build an information system that tracks cost embedded in each business function or process to control costs. The system should track actual time expended so that labor costs can be controlled while providing incentives for employees.
4. **Lack of internal control.** Personally take the responsibility to decrease fraud by putting controls in place to prevent a diversion of funds, inventory or property.
5. **Poor sales and customer relations.** Talk with your customers about their focus and interests. The extra effort to increase customer service and sales will set your company apart from competitors and increase sales.
6. **Insufficient working capital.** Although some businesses might be able to survive for a short time with a small amount of capital, eventually the money runs out. Initial development of a business is crucial and should be supported with a financial cushion. Maintain a financial safety net.
7. **Lack of adequate and appropriate insurance.** Families dependent on income generated from their business should carry long-term disability insurance. Additionally, adequate life insurance protects owners and families from financial hardship. A disaster, such as a flood or fire, can destroy a business. Inventory and assets must be insured.
8. **Failure to adequately train and develop employee relations.** Create a team work environment that keeps staff motivated and happy. Employee involvement in the training and education process promotes a feeling of ownership.
9. **Improper strategic planning.** Create realistic but precise goals that include deadlines in a formalized strategic and operational business plan. Consult the business plan on a regular basis.
10. **Track key business matrixes.** Business owners should have more control over factors that cause businesses to fail. By tracking key business matrixes, businesses can succeed regardless of economic conditions. Integrating business matrixes is a solid investment and should be part of the process as the business continues to grow.

Professional Sales Consultants Inc

Common Business Patterns

10 rules for growing your business:

1. **Develop a strategic plan.** Many business owners measure their success by how hard they work and whether there is enough money to cover payroll, but in reality they operate best with a strategic plan and methodology for measuring and executing that plan.
2. **Stay flexible to changes in the strategic plan.** A strategic plan should be a work in progress that evolves in accordance with long term goals. Although flexibility is important, it does not mean that a business should be run without a strategic plan.
3. **Transform yourself from company expert to master strategist.** Focus on planning the future business success by creating a leadership team and delegating duties. This strategy might require an extensive role change, but will help to obtain more control for the future success of the company.
4. **Focus on short-term growth.** Key company goals should be monitored daily and weekly rather than monthly. By focusing on business growth in the short term there will be far less concern over the long term.
5. **Develop reporting systems.** Strategies cannot be implemented without reporting systems that track critical numbers. A daily review helps to measure and clarify where company efforts need to be enhanced as well as holds each employee accountable for performance.
6. **Hold scheduled management meetings.** Scheduled meetings create the intensity and focus needed for business owners to identify problems and issues before they get out of control. Meetings should focus on one key issue.
7. **Control costs by budgeting percentages.** Control costs by measuring a percentage rather than an absolute basis. Daily or weekly percentage increases and decreases should signal change and help to determine why inconsistencies might exist.
8. **Offer incentives to key business drivers.** All employees have the ability to drive or stall the business. Creative incentives that drive should contribute to both the profitability and mission of the company. Fair incentives should be tied to specific measurables that each employee has control over.
9. **Create a new management model.** Creating a new management model allows for updating as well as preparing the business for positive change. Incorporate all levels of employees in both the thought and implementation process.
10. **Play to win.** These guidelines are easier and more enjoyable to adhere to when a company aims high and plays to win. A business that survives is the one that plans to innovate, allows for constant change and plays to win.

Professional Sales Consultants Inc Common Business Patterns

Three transformations every business owner must make to join the ranks of the best managed and most profitable companies in business today

1. You must transform yourself from technical expert to master strategist.
2. You must transform yourself from an instinctual decision-maker to a fact-based decision-maker. The key to success in business is to manage by fact rather than expediency:
 - ✚ Gather information
 - ✚ Weigh the costs and benefits
 - ✚ Assess the risk
 - ✚ Take action
3. You must transform the business from a partnership model to a functional responsibility decision-making model. The person with functional responsibility must make all the decisions within their area of responsibility. Owners should be involved only when the risks are high.

Accelerate revenue or cut costs? What is the best business decision?

Should you focus on increasing sales or reducing costs in order to increase profits by \$1,000? The following table will help you answer this question.

- A. What is your profit percentage?
- B. What amount of incremental sales is needed to increase profits by \$1,000?
- C. What amount of cost reduction is required to increase profits by \$1,000?

<u>Net Profit %</u>	<u>Required Sales Increase</u>	<u>Required Cost Reduction</u>
15	\$ 6,667	\$1,000
12	\$ 8,333	\$1,000
10	\$ 10,000	\$1,000
8	\$ 12,500	\$1,000
6	\$ 16,667	\$1,000
5	\$ 20,000	\$1,000
4	\$ 25,000	\$1,000
3	\$ 33,333	\$1,000
2	\$ 50,000	\$1,000
1	\$100,000	\$1,000