

**Practical System for Strategic Planning**  
***How SLGG went from \$19k/month to \$19k/hour***  
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Everyday we go to our place of business -

**Why?**

***What is it that we personally want from this activity?***

*Money*

*Enjoyment*

*Security*

**Business Definition:**

- An economic unit formed to provide goods and/or services to customers
- Make a profit
- And satisfy the personal needs of the owners and the employees

If a business does not satisfy the needs of its owners and employees, it has no basis for existence.

What must we do to provide owners and employees what they want?

*Establish goals that will last forever*

**We want:**

- Money
- Enjoyment
- Security

**Goal 1**

Provide sufficient income to enhance the standard of living of ALL who are associated with the business

**Goal 2**

Provide the highest quality product and/or service commensurate with our market

**Goal 3**

- Perpetuate the business
- It must be built to last forever

Strategies to Achieving Our Business Goals

Develop:

- A Written Marketing Plan
- Personnel strategies
- Operational plan

- An annual financial plan

#### A Written Marketing Plan

- What is our market?
- Who are we?
- Communication
- Calendarize

#### **Opportunity**

will knock on your door when you tell opportunity where the door is!

#### **The Marketing Process**

*The goal of marketing is to get the prospect to the seller*

#### **“Who Are We?”**

- Ask! survey customers, employees, etc.
- What are our talents?
- Find out as much as possible
- You can't market what you don't know

#### **“What Is Our Market?”**

Learn as much as you can about:

- Price
- Location
- Specialization
- Future
- Impact of technology
- Narrow the market

#### **Communication**

- Now that we know our market
- Now that we *know what* we're going to market

*Tell opportunity where the door is*

#### **How?**

- Media
- Newsletters
- Brochures
- Presentations
- Trade Shows
- Advertising
- Cyberspace
- Networking
- Telemarketing

#### **What are you doing now?**

**What is working?**

**What isn't?**

*How do you inspire your staff to commit to marketing?*

**Networking**

*Most effective method for securing business*

**Most Effective Networking Tips for Accountants**

**Marketing Networking**

**Set goals**

Each month set up marketing goals with all personnel and include networking goals.

Hold your people accountable.

**Marketing Networking**

Everyone we meet is:

- a prospect
- knows someone who can help us meet one

When we think we have to go directly to the top, we may not realize that the strength is in the foundation.

**Marketing Networking**

**Address people by their first name**

People like to hear the sound of their own name and it shows you are paying attention.

Especially when you meet people for the first time.

**Marketing Networking**

**Be Dependable**

Schedule your networking events as you would business meetings and do NOT cancel them when pressed for time.

**Marketing Networking**

**Listen first, talk second**

Find out how you can help your contact,

and then provide added value. If you want people to know what you do, they have to know that you care about them first.

**Marketing Networking**

**Network at NON-networking events**

Network outside of scheduled meetings and business events: in an elevator, at a sporting event, or waiting in line - look for ways to connect with others.

**Marketing Networking**

**Keep your phone message up with the current date**

Always ask the caller for a one hour time period to return the call at their convenience.

**Marketing Networking**

**The way we do anything**

**is the way we do everything -**

If you follow up with new contacts quickly they will assume you will also do the same with referrals.

## **Marketing Networking**

The most important tip of all is: **listen, listen, give, give, and follow up and follow through.**

Great networkers are not born great. They achieve success through hard, consistent work that pays off over and over and over.

Show Up and Be Connected.

### **Summary:**

- Money, enjoyment, security
- Goal: provide income to all in the business
- Goal: provide highest quality product
- Goal: perpetuate the business
- Strategies to achieving business goals:
  - Written marketing plan
  - Personnel strategies
  - Operational plan
  - Annual financial plan

### **Personnel Strategies**

- Hire the best people available
- Stop complaining and start training
- Push responsibility to its lowest level
- Reward excellence

### **The Most Effective Steps Managers Have Taken to Raise Worker Productivity**

- Foster team environment 87%
- Offer incentive compensation such as bonuses 85%
- Improve time management 82%
- Outsource some tasks to lower-cost providers 75%
- Improve worker benefit 68%

### **The Most Effective Steps Managers Have Taken to Raise Worker Productivity**

- Implement mandatory training sessions 67%
- Raise production levels 65%
- Improve ergonomics for workers 64%
- Process improvements that eliminate jobs 60%
- Boost pay above cost of living 60%

### **The Most Effective Steps Managers Have Taken to Raise Worker Productivity**

- Layoff unproductive workers 59%
- Recruit workers from top-notch schools 58%
- Offer employees equity, stock, or IPO 55%
- Increase supervision 25%

### **Operational Plan**

*If its not broken break it, fix it and make it better*

### **Increasing profits and cash flow by controlling costs**

#### **Old Pricing**

$Cost + profit = price$

#### **Pricing Now**

$Sales price - profit = target cost$

#### **Why?**

- Little or no control over sales price
- Competition reducing margins
- Raw materials increasing in price
- Slow to react to economic change

#### **What to Do**

- Provide additional service to reduce commodity aspect to pricing
- If it isn't broken break it, fix it and make it better
- Greater planning up front = greater profit
- Review all production areas to become more efficient
- Investigate new areas of technology
- Continuously monitor original proposals with final costs

## **Remember**

*New and creative ways of reducing costs in today's economic environment will increase profits and cash flow*

## **Annual Financial Plan**

- Accounts receivable program
- Monthly financial information
- 12 month profit and loss plan
- 12 month cash flow plan

## **Controlling Accounts Receivable**

### **Accounts Receivable:**

One of the largest assets of a business. Often times the least managed.

### **Collecting Accounts Receivable is Generally a Three-Step Process**

*Step 1 Before the Sale*

*Step 2 The Billing Process*

*Step 3 Collection Procedures*

#### **Step 1 Before the Sale, Know the customer. How?**

- Applications for credit tell who the customer is and who they have done business with.
- Trade references can provide credit history.
- Both of the above help to determine the amount of credit a customer should receive.

#### **Suggestions on Extending Credit**

- No more than thirty days sales
- Get a note for any balance past due
- Use contracts with hefty down payments
- Discontinue service if service agreement is not paid
- Arrange financing for a customer with a bank

#### **Step 2 The Billing Cycle**

- All bills should be mailed in a timely manner
- Make certain invoice is complete and accurate
- Complete all information on the invoice

*Customers generally don't volunteer when there are problems with the invoice, but will often when called for payment use an incomplete or inaccurate invoice as an excuse for delaying payment.*

#### **Step 3 The Collection Process**

*The three people most likely to be assigned the collection process of accounts receivable are:*

- Bookkeeper – usually bogged down with many responsibilities, collection process not a top priority
- Salesperson – does not like to collect. Collecting can change a positive relationship between salesperson and customer
- Owner – like salesperson, wants to maintain positive relationship with customer

**Recommendation: Hire Someone**

- Someone hired on part-time or full-time basis whose sole responsibility is to collect accounts receivable
- Possibly an older person with previous business experience, perhaps a retiree
- Not an ex-collector with a collection agency background
- A “gentle” person, aware of the sensitivity of the relationship

*... And have them report directly to the president so that problems encountered can be immediately resolved.*

**Tips On Speeding Up Collections**

- Review listing of accounts receivable with a collection person every 2 weeks
- Call delinquent customer immediately
- Monitor total cash balances daily
- Be specific when instructing on procedures for collecting accounts receivable

**More Tips**

- Ask for partial, if you can't get full, payment
- If not paid regularly, send a copy of the invoice to your contact at the company with a note
- Put past due accounts on cash and carry basis
- Check customer's current financial condition
- Bug the hell out of them

**Developing the 12 Month P&L and Cash Flow Plan**

“Failing to plan is planning to fail.”

-- John Wooden UCLA Basketball coach

“When you come to a fork in the road, take it.”

-- Yogi Berra

***Without a plan, which fork are you going to take?*****First thoughts regarding planning**

*The year 600 B.C. - Sun Tsu; about 600 B.C.*

**Foretelling Triumph**

Those who triumph, compute at their headquarters a great number of factors prior to a challenge.

Those who are defeated compute at their headquarters a small number of factors prior to a challenge.

**Foretelling Triumph**

Much computation brings triumph.

Little computation brings defeat.

How much more so with no computation at all!

By observing only this, I can see triumph or defeat.

- How many of you have a 12 month cash plan?
- How many of you know when you are going to run out of cash, or when your cash balances will drop to their lowest level?
- How many of you know how long your cash resources will last?

### **What is a Cash Management Plan?**

Typically, to the business owner, cash management means knowing in advance:

- How much cash will I need?
- When will I need it?
- Where will I get it?

### **How to get the information?**

Develop a Plan

### **The Primary Elements of Your Plan**

- The Profit and Loss Plan/forecast
- The Cash Flow Plan/forecast
- Forecasted Balance Sheets

### **Why All Three?**

- Preparation of the profit and loss is to let management know whether the entity is going to operate at a profit.
- Cash flow will provide management with how much cash they will need and when will they need it.
- The balance sheets will let all know if the P&L and cash flow plans are correct. Strange balances of A/R, A/P, Cash and Inventory is an indication that the plan is wrong.

### **Compare the Plan to the Actual Results**

#### **Remember**

*Planning makes the actual financial data significantly more meaningful to the management of the business.*

### **What Happens When You Compare Your Plan vs. Your Actual?**

- It tells you what went wrong versus what went right.
- It tells you how far you may be from where you want to be.
- It gives you the opportunity to find out . . .
  - Why you are off the mark
  - Where you are going
  - What action must be taken to meet financial goals

### **What Happens When You Compare Your Plan vs. Your Actual?**

It tells you a story about where your business is headed. If you don't like what you see, you can change it.

Without this comparison management may continue making the same mistakes over and over again.

### **When Comparing the Plan vs. Actual...**

#### **If Management Doesn't Like What They See -- do one of the following:**

- Change the way the business is being operated to bring the organization into line with the plan
- If all options available have been completed and management cannot get the actual results in line with the plan change the plan

#### **Why Change the Plan?**

- One of the primary purposes of the plan is to inform management of future cash flow requirements. If the plan remains stagnant then new information will not be available.
- Remember the plan is to set goals for the operation of the business and to keep management informed of when they will need cash and how much they will need.

### **Recap the Strategies to Achieve Our Business Goals**

#### **Develop Goals:**

- a written marketing plan
- personnel strategies
- operational plan
- an annual financial plan

#### **All it takes is: Leadership**

*only the leader makes it happen*

#### **Remember**

*Good things come to those who wait, but only the things left by those who hustle*

#### **What to Do?**

#### **Where to Start?**

*Develop a financial plan*