

things every business needs to know

Service

- 1 In business**, you are not really selling products or services; you are selling customer satisfaction. Satisfied customers return to spend more money and are likely to refer new customers to you. Dissatisfied customers will stop buying from you and discourage potential customers.
- 2 Adopt a liberal return policy.** Some customers may abuse this policy, but your good customers will appreciate it and spread the word. It will be excellent, inexpensive advertising.
- 3 Answer all customer inquiries and complaints** as promptly as possible. All customer complaints, adjustments, and suggestions should be summarized for management's review. Monitoring customer comments will allow you to establish new customer service policies.
- 4 Let your employees know** that it's the customer who signs their paychecks. It's the customer who determines the pay raises, paid vacations, medical and retirement benefits, and so on.

Training

- 5 No matter what the size of your company** – two people or two thousand people – hold regular staff meetings. If your company is small, have all employees attend the same meeting. Larger companies may want to divide staff into smaller groups. These meetings are an excellent forum for discussing such things as customer complaints, new product or service ideas, and policy or process issues.
- 6 Each of your employees should expect to learn** something new every day. As the manager, you should assist your employees in selecting educational books, tapes, or courses, and the company should pay for the material.



- 7 Give an on-the-spot cash reward** to an employee with a money-saving or money-making idea. It will demonstrate management's interest in employees' ideas.
- 8 Consider arranging a trip** to a half dozen businesses just like yours but outside your trade area. Discuss products or services, customer relations, vendors, physical plant and equipment, and financial statement information with these noncompeting colleagues.
- 9 If your company runs well now in your absence**, it will run well in the event of your disability or death. If you are currently indispensable, start training people now. One of the most rewarding forms of retirement is to own your own company and to be absent as much as you like.

Finances

- 10 Good financial records are necessary** for bank loan requests, to substantiate income and deductions for income tax purposes, and to substantiate the value of the business when you or your heirs are ready to sell it.



- 11 Learn how to use your financial statements** to make business decisions. If you need help, we would be happy to assist you. Ask as many questions as you like; it will help you learn to use your financial information more profitably.
- 12 Year-to-year comparisons** are one of the best measurements of how your business is doing. Are your accounts receivable and accounts payable growing faster than your sales? Did you turn your inventory over as many times this year as you did last year?

Analysis

13 You need ability. The word ability, spelled “A.B.I.L.ity” could stand for Accountant, Banker, Insurance Agent, and Lawyer. These professionals handle a variety of business problems every day. They make excellent sounding boards for proposed transactions. Consulting with them before you conclude transactions can eliminate problems and save you time and money.

14 If you are not a franchise company, consider joining or forming a buying cooperative to buy in carload lots or purchase discontinued product lines from manufacturers.

15 Your breakeven point is important because it monitors whether or not you are properly adjusting your prices in relation to your costs. The breakeven point is the point at which you have neither a loss nor a profit from operations. Theoretically, once you pass breakeven, all of your gross profit becomes net profit.

16 Don't confuse cash flow with profit. The sale of one of your fixed assets (a piece of land or equipment, for example) may provide cash even though there may be no operating profit. On the other hand, all of the current profits may be going for equipment purchases, creating a tight cash situation.

17 Let your business pay for its own expansion. If your business grows faster than the earnings can fund, a banker, investor, or partner will be necessary. If you borrow to expand, you may be in trouble if sales take a temporary downturn.

18 Don't incorporate your business without first checking the long-range tax and nontax considerations. There are many small corporations that should never have been formed.

19 Control fraud inside and out. American businesses lose billions of dollars each year due to fraud. Small businesses are especially vulnerable since they often lack the proper controls. Even in very small companies, some controls can be put in place with very little effort or expense.

Marketing

20 It has been said that it costs six times as much to acquire a new customer as it does to retain an old customer. With this in mind, perhaps you should take half (yes, half!) of your current media advertising budget and put it into customer relations and services.

21 Advertising dollars that don't create sales are wasted dollars. For example, buying an ad in a newspaper that covers a 100-mile radius is an expensive way to reach potential customers if people will only drive 20 miles for your type of product or service.

22 Your best mailing list is from your own customer files. If you haven't done so, compile a list of all your customers' names and mailing addresses. Contact your customers often. They will appreciate receiving advance notice of sales and special promotions.

23 Location – Location is as important for existing businesses as it is for new businesses, because people's shopping habits and other circumstances change. For example, if a supper club is now surrounded by an industrial park, perhaps it should be converted to a quick lunch restaurant.

If you have questions about any of this information or if we can assist you with any of your business concerns, give us a call. We're here to help you and your business prosper.



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