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The Business Review

by Gerard R. Dodd and friends of The Maine Idea

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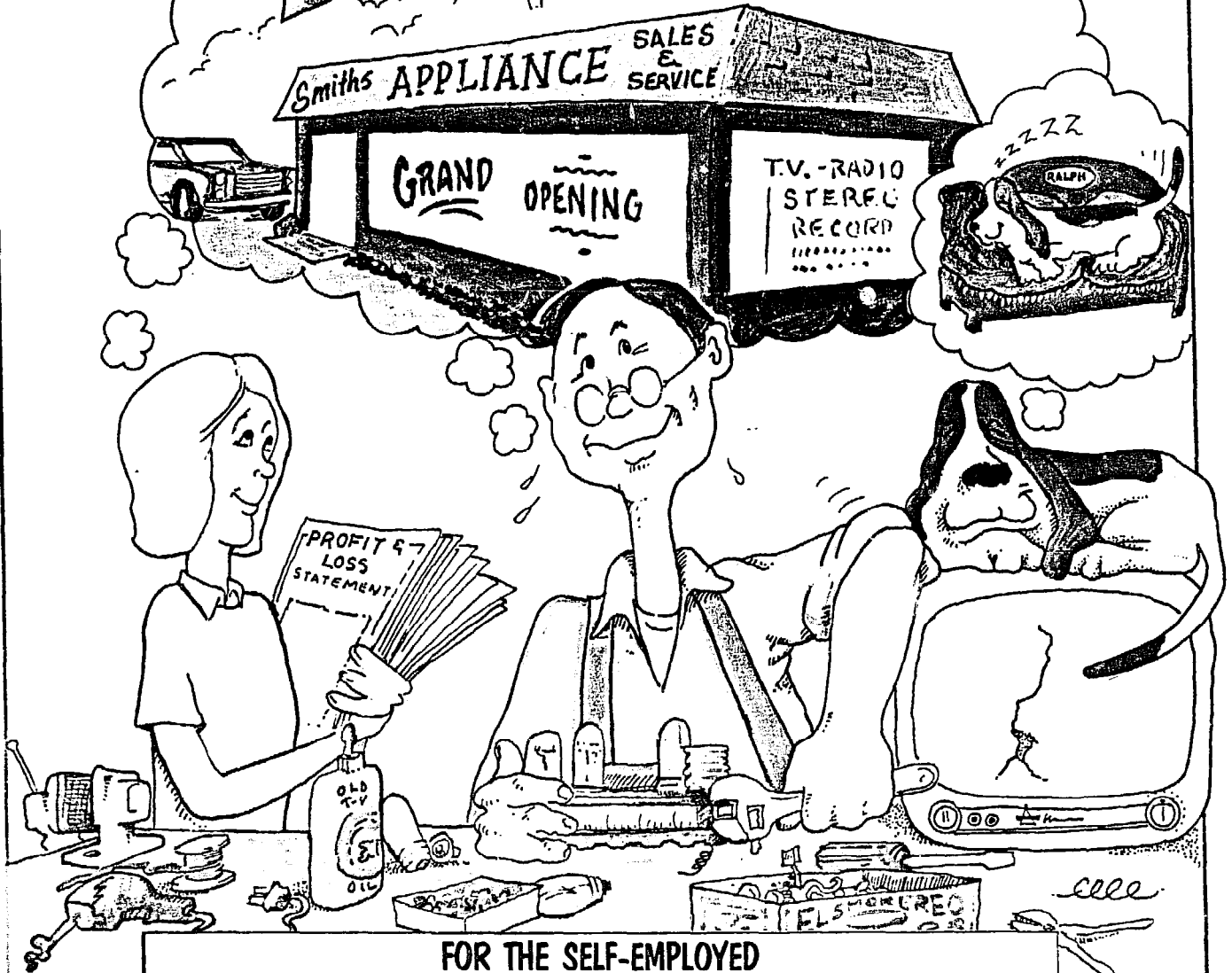
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THE BUSINESS REVIEW



FOR THE SELF-EMPLOYED

DETERMINING WHERE YOU STAND...
...AND WHERE YOU'RE GOING

WORKBOOKS IN THIS SERIES:

VOL. I	The Business Review
VOL. II	The Business Plan
VOL. III	Basic Finances
VOL. IV	Basic Marketing
VOL. V	Managing Time & Personnel

FRIENDS OF THE MAINE IDEA

Among those who made an **outstanding contribution** to these workbooks are: Sheila Denton, Maria Gasbarrone, Ron Goldstein, Mindy Loveitt and Paul Nevin (The Maine Idea), Bill Burrus, Jeff Ashe and Bill Taffel (ACCION International), Gerry Mitchell, Roland Hallee and Lynn Carlow (Royal Printing), Tim Sample (The Sample Studio), Ed Armstrong (C. P. Snowman & Co.), Lester Clark (Clark's Heating Oil), Barbara Luce (Rocky Luce Chimney Sweep), Dick Parkhurst (Oakes & Parkhurst Glass), Dick Peck (Peck's Welding), Puck Purnell (OBERON), Ron Serina (POP's Advertising), Nancy Whitman (Goose Eyed Shuttle), Carlton McGary & Joel Stevens (Key Bank), John Moulis (Bank of Maine), Les Stevens (State Development Office), Roy Taylor (Piscataquis Economic Development) and, of course, Annie Blair without whose help, encouragement and love this second edition could have never occurred.

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MANAGEMENT WORKBOOKS FOR SELF-EMPLOYED PEOPLE, VOL. I

THE BUSINESS REVIEW

**by
Gerard R. Dodd
and friends of
The Maine Idea**

DODD-BLAIR & ASSOCIATES, P.O. BOX 644, RANGELEY, ME. 04970

The contents of **Management Workbooks for Self-employed People** are derived from a wide variety of sources, including direct experience with micro-businesspeople throughout Maine. The information presented is intended only for use as general management guidelines. These workbooks stress self-help, but are not a substitute for competent professional assistance. Although the material has been prepared meticulously, the publisher is not aiming to provide legal, accounting or other professional services and cannot assume responsibility for errors and omissions.

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*To the 22,000 self-employed people in the State of Maine.
May these workbooks serve you and help you continue being
the backbone of our community.*

A MICRO BUSINESS...is the smallest economic venture — usually owner-operated with few employees and less than \$200,000 annual sales. Most craftspeople, service people, small farmers, “mom and pop” shops, cooperatives, and alternative businesses are micro businesses.

The terms “self-employed person,” “small time operator” and “micro (or mini) businessperson” are used interchangeably in these workbooks.



YOU'RE THE "EXPERT" IN YOUR BUSINESS

Every business is different. ONLY YOU can decide which direction you want your business to take, and how to deal with problems or capitalize on advantages.

Introduction

There are no quick and easy solutions to management problems in any type of business. However, there are tried and proven techniques that could help to make your enterprise a more stable and profitable one. "Target your market" to make the most effective use of limited resources. Develop and use a good recordkeeping system to eliminate wasteful spending. Use a Cash Flow Projection to regulate your budget. Plan more conscientiously so that **you** run the business, rather than having it run you! We believe in **working smarter, not harder!**

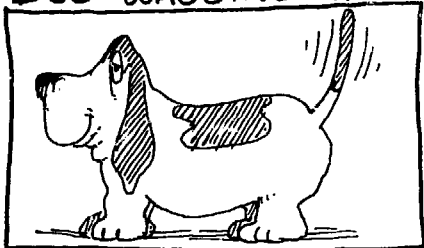
Before you manage your business, you must understand how it works. The purpose of the **Business Review** is to help you to analyze your business as a whole, or to assess any specific part of it. Our objective is to get you thinking and excited about your business. When you have completed the **Business Review**, you should be better informed about how your business operates, and therefore in a much better position to guide its operation. Running a business is a lot of work, but can be very rewarding.

WORK SMARTER, NOT HARDER!

COMPONENTS OF THE BUSINESS REVIEW

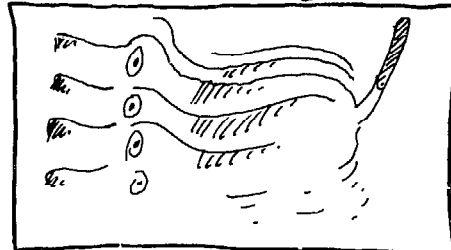
	Page
OVERALL OBJECTIVES What business is this? Why am I in business? Should I be in business?	12
THE MARKET Who are my best customers? What are my best products and services? How do I compare? Do I have the right distribution system? Are my prices fair? Is my promotion and advertising adequate?	17
THE WORKFORCE Am I using my time effectively? Who does the work around here? Is every one happy? Subcontracting or thinking about it? Am I open to outside help? Is Uncle Sam happy?	27
THE PRODUCTION Is my production organized and efficient? Are my equipment and facilities adequate? Do I shop around enough for suppliers? Tying up too much capital in inventory?	33
THE FINANCES Am I separating business and personal expenses? Is my bookkeeping system adequate? Is my money effectively managed? Am I having problems with credit? Do I need working capital?	37
THE STRUCTURE Is my insurance adequate? Do I have the best legal structure?	43
THE OVERALL MANAGEMENT Have I taken time to plan adequately? Do I regularly evaluate progress? The basic planning process.	47

DOG WAGGING TAIL



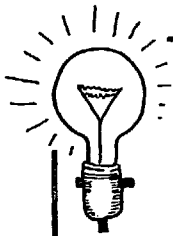
THIS

TAIL WAGGING DOG



NOT THIS

MANAGE YOUR BUSINESS! DON'T LET IT RUN YOU!

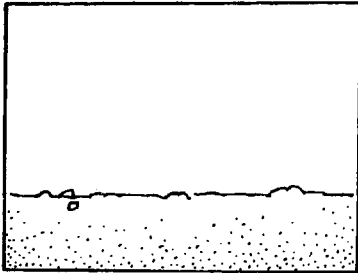


IDEA BLOCKS like this are for jotting down changes you want to make and new things you want to try out in your business. If you carefully use the idea blocks, they will be helpful when you start organizing your ideas into a coherent plan later on.

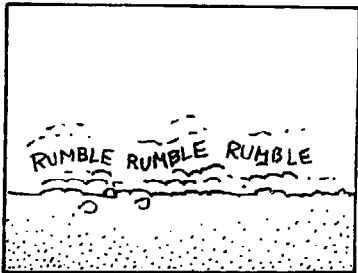
A ONE PAGE MANAGEMENT APPRAISAL

DOES YOUR BUSINESS HAVE AND USE...	NOW		6 MONTHS LATER	
	Yes	No	Yes	No
A BASIC PLAN OF ACTION? ...Written down? ...Clearly outlining your expectations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
AN OVERALL MARKETING STRATEGY? ...Customer profile? ...Competition analysis? ...Clear notion of customer preferences?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
AN EFFICIENT PRODUCTION SYSTEM? ...Organized internal systems? ...Wide variety of suppliers? ...Efficient personnel w/out chronic problems?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ENOUGH OUTSIDE ASSISTANCE? ...A business advisor or management service? ...An accountant used for more than just taxes? ...A lawyer to call on for gen'l business advice?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ADEQUATE RECORDKEEPING? ...Up to date ...Used for taxes AND management purposes? ...Balance Sheet and Profit & Loss? (...Monthly?...Quarterly?...Yearly?) ...Cash Flow Projection and monthly analysis? ...Credit policy and diligent collection system?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SUFFICIENT WORKING CAPITAL? ...Personal credit (family & friends)? ...Supplier credit? ...Bank or institutional credit?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
RATING OF OVERALL SITUATION: Using a scale of very good (5), good (4), average (3), poor (2) and very poor (1), rate your management performance!	<input style="width: 50px; height: 40px;" type="text"/>		<input style="width: 50px; height: 40px;" type="text"/>	

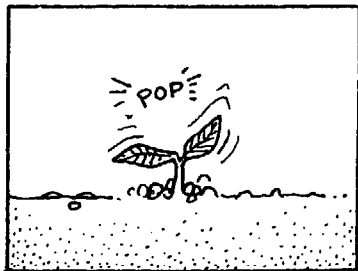
STAGES OF BUSINESS GROWTH



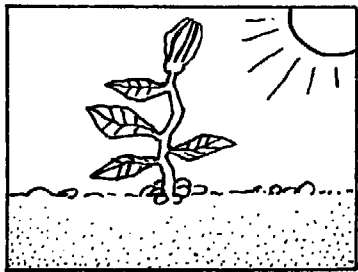
PRE-STARTUP: You're thinking about going into business for yourself. Talk it out thoroughly with family, friends, potential suppliers, customers, banks, etc. Analyze your strengths and weaknesses. Take the time now, **WHILE YOU CAN**, to study, research and test the market.



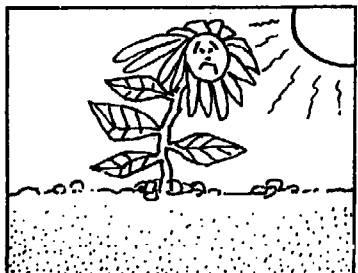
DEVELOPMENT STAGE: You've committed yourself to it! **BE CAREFUL!** This is when most new businesses fail. Everything takes longer than you predict, and the market response will probably be slower than you expect. It takes time to build a reputation. **START MANAGING** by setting goals and checking performance against them. This is a learning period in which it's important to establish good habits.



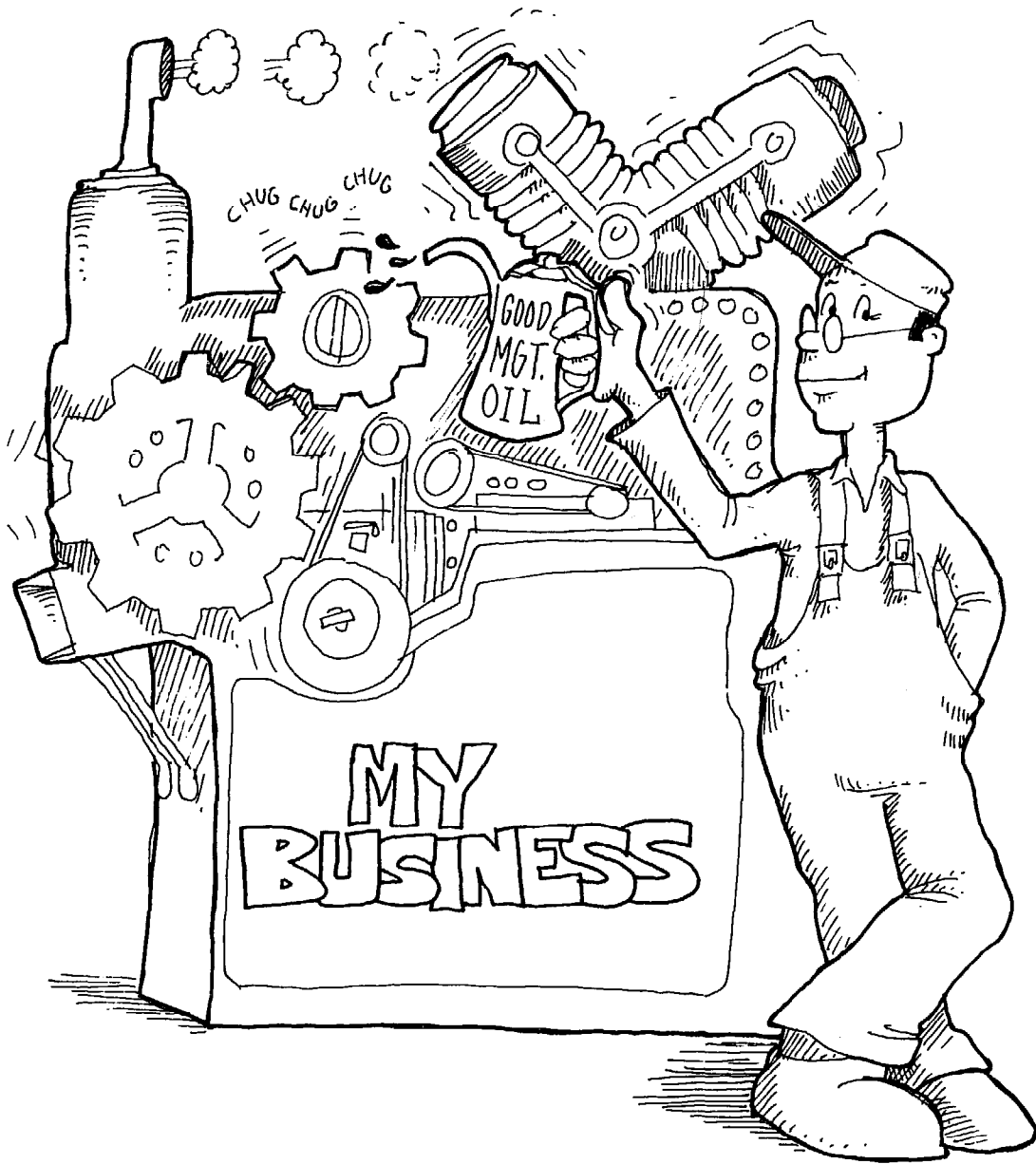
GROWTH STAGE: Up until now you've probably been doing most of the work by yourself. The market has responded favorably and expansion is a real possibility. Avoid rapid growth for its own sake. It should be carefully planned to increase profits; consider the risks. Expand in areas where you have experience or access to reliable help. Learn to delegate responsibility rather than being a one-person band.



COMFORT STAGE: You've put together a stable business. Your annual growth may have slowed down, but you're now deriving more benefits from the business. You're satisfied with the results. Don't become overconfident. Be **TOUGH** with yourself. Anticipate the future and possible changes which could occur.



TURNAROUND STAGE: Somehow you've gotten into trouble. You've been losing money; the competition is moving in and there's little or no working capital available. How can you get out of this mess? Cut out **ANYTHING** non-productive — people, products, services, etc. Manage for cash. Swallow your pride and learn from your mistakes.



UNDERSTAND YOUR BUSINESS...AND HOW IT WORKS

HOW TO USE THE BUSINESS REVIEW

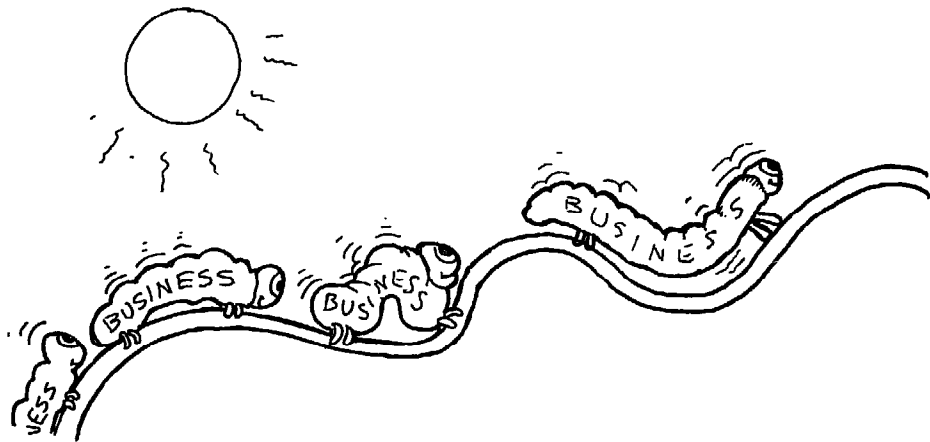
- 1** Every company is different! The Business Review is designed to meet the needs of micro-businesspeople in a wide variety of fields and activities. **ADAPT IT** to your needs! If the questions aren't exactly on target, change them!
- 2** Use any or all portions of The Business Review as appropriate. Many people sit down with it and do a blitz! Others work on only a few pages a day. Pick a system that's comfortable and meaningful to your business.
- 3** **BE HONEST** with yourself! Look at **BOTH** your strengths and weaknesses. Only a frank, straightforward appraisal of your situation will be of lasting value.
- 4** Don't get bogged down. If you can't answer a question, move on to the next one. If you had all the answers, you probably wouldn't be doing it in the first place. A major purpose of The Business Review is to get you moving in the right direction.
- 5** Don't get discouraged. Once you get the knack of it, it gets easier! The Business Review is largely a planning tool, and many people have difficulty with planning. Stick with it!
- 6** Write down your ideas and thoughts as you proceed. **USE PENCIL** so you can add or delete later on. Don't be bothered with spelling or literary style — just get those good ideas on paper before you forget them!
- 7** **GET STARTED NOW!** Please don't put it off — getting started is the hardest part.



**EXAMINING "WHERE YOU'RE AT"
WILL HELP YOU DECIDE WHERE TO GO**

WHAT BUSINESS IS THIS?

Businesses are always changing. What you started out doing years ago may be completely different today. Your motivation and personal goals also change over time. These things could alter the way you operate. If you are not happy with the way things are going, make changes! Remember, you're the boss and it's your job to manage the business, rather than allowing it to manage you. Prepare a BRIEF description of your business. How would you describe it to someone who knows nothing about it?



BUSINESSES ARE...

WHY AM I IN BUSINESS?

Write down your personal reasons for being in business (e.g. "be my own boss", "make a million", "make a decent living"). What do you personally want to achieve in the next two, five, or ten years? Where are you now and where do you want to go? What are your MAJOR goals? Your answers should tell you something about the way you approach your business.



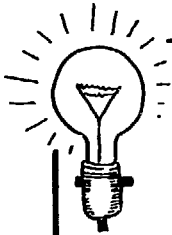
...ALWAYS CHANGING

SHOULD I BE IN BUSINESS?

RATE YOURSELF!

	Never	Almost never	Sometimes	Most of the time	All of the time
Am I a self starter?	1	2	3	4	5
Am I friendly and outgoing?	1	2	3	4	5
Can I take responsibility?	1	2	3	4	5
Am I organized?	1	2	3	4	5
Am I a decision maker?	1	2	3	4	5
Am I a leader?	1	2	3	4	5
Do people trust me?	1	2	3	4	5
Do I have determination?	1	2	3	4	5
Do I consider other people's opinions?	1	2	3	4	5

Entrepreneurs work hard at a wide variety of things. A successful entrepreneur will answer "All" or "Most of the time" to most of these questions. If you're going to work with a partner, pick someone who's not a mirror image of you. Someone with different talents and skills will be much more valuable!



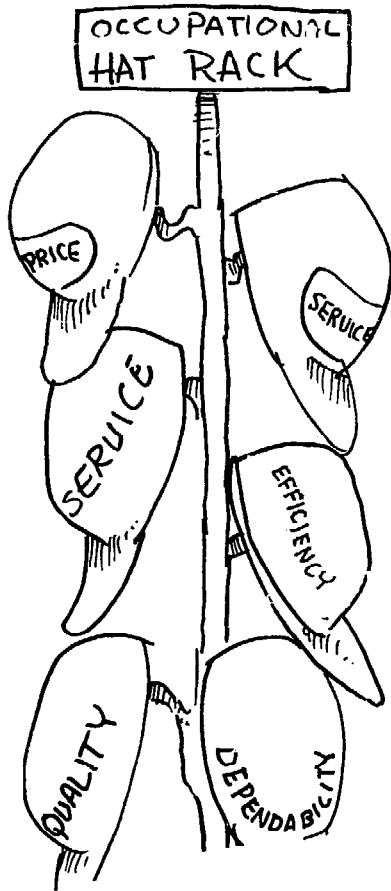


Micro-entrepreneurs we deal with have definite opinions about themselves and their businesses. In their opinion, a successful micro-business needs:

- An owner/manager with the right personal qualities — hard-working, good with customers, honest, self-confident, self-motivated, tenacious;
- A high quality product or service to build a reputation;
- Adequate managerial, administrative, and financial skills;
- A solid financial footing based on equity, access to credit, and sufficient working capital.

KNOW YOUR GOALS AND WHY YOU'RE IN BUSINESS!

Carefully study the risks and the personal commitments involved: long hours, hard work, self-motivation and confidence in your abilities, honesty and fairness in working with others.



YOU CAN'T BE ALL THINGS... TO ALL PEOPLE!

Remember the principle of supply and demand: **if there's no demand you can't supply.** We've seen more fine craftsmen and service people than we can count go under because they couldn't find a market. It doesn't matter how good a job you do — if nobody wants to buy, you haven't got a business.

THE MARKET

Effective marketing is mostly a question of satisfying customer needs — at a profit. It's also the ability to use limited resources WISELY. Since you can't be all things to all people, you have to "target your market" to those who need you most.

Too many "gut feelings" about the market may lead to serious trouble. Research and hard thinking count! Develop a customer profile to figure out what kinds of people use your business or service, and get their reactions to prices, quality, dependability, convenience and advertising. By analyzing these things, you can pinpoint problem areas and determine more profitable ways of spending your time.

It's also important to identify consistent business patterns and seasonal trends. Try stabilizing sales with discounts during slow periods, special package sales before and after peak periods, increased personal attention at off-times, gift coupons and increased promotion.

WHO ARE MY BEST CUSTOMERS?

rule of thumb

**80% of your profits come from...
...20% of your customers!**

Think it over! Who are the important 20%? Where do they come from? Consider their ages, occupations, incomes, education, buying habits, leisure activities, etc. Can you think of ways to reach them better? Answering these questions will help you set criteria for advertising, penetrating the market, location and many other decisions. Remember that you simply don't have the resources to be all things to all people, so you must focus your marketing efforts on that 20% who are your steady clientele.



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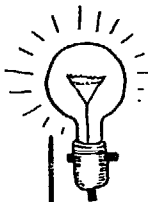
WHAT ARE MY BEST PRODUCTS & SERVICES?

rule of thumb

80% of your sales come from...

...20% of what you offer!

Your major products and services are usually known, but often other important items are not emphasized to the customer. Think about the total package needed to meet the needs of your market. Make a complete list of the different products and services you offer. Compare them! Do some sell better than others? Are there any gaps or overlaps in the package?



HOW DO I COMPARE?

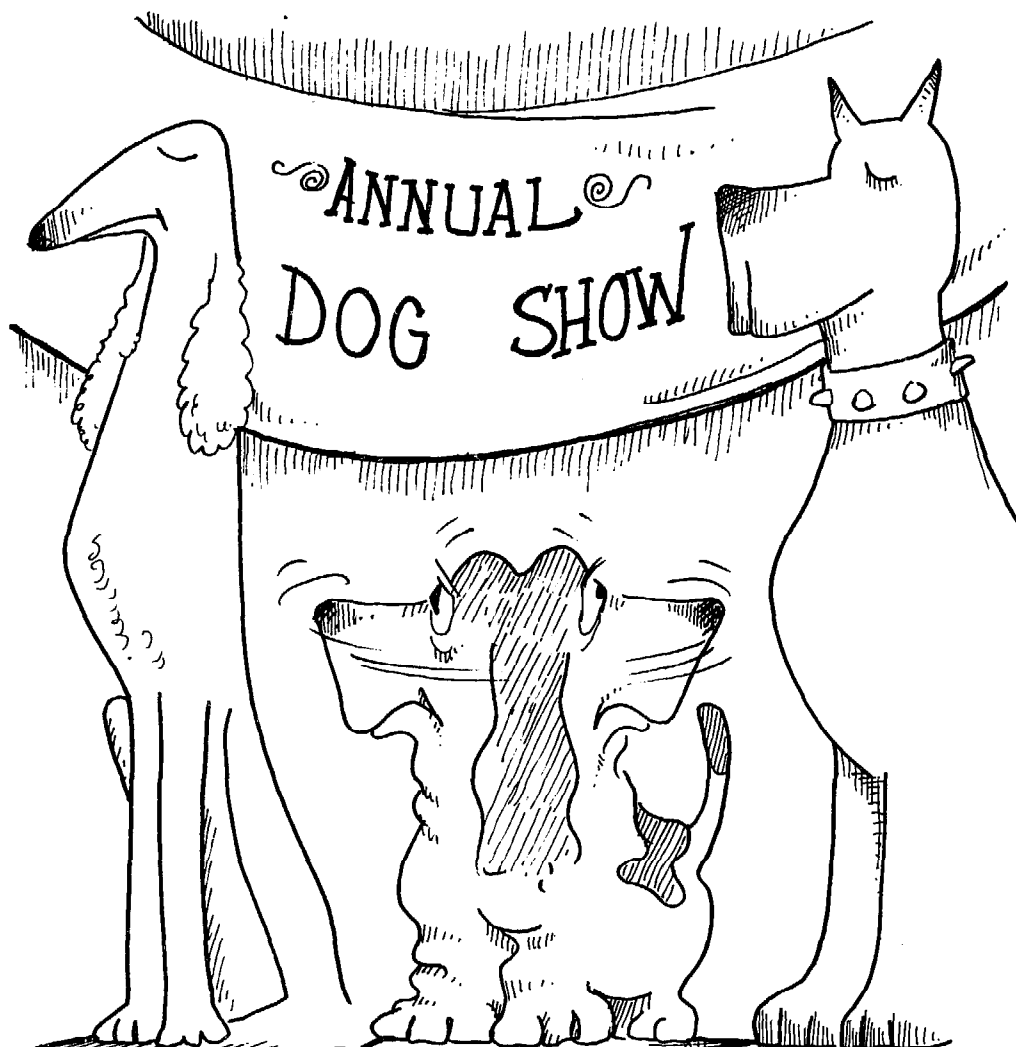
Compare yourself to your competitors in prices, quality, service, reliability and customer attention. Expect to be strong in some areas, weak in others. You can't be tops in everything! If your prices and quality are superb, your service may be lacking. Carefully analyze the differences. Remember, you're trying to satisfy real customer needs. How can you use your strengths to do this? How can you compensate for your weaknesses?

Who are your major competitors? _____

What are their principal strengths and weaknesses? _____

How does your general situation compare to theirs (strengths & weaknesses)?

What should you emphasize or do differently in your marketing efforts?



JUST ANOTHER
PRETTY FACE

LOYAL, TRUSTWORTHY
AFFECTIONATE
AND
INDEPENDENT

WELL MANNERED
BUT
BORING

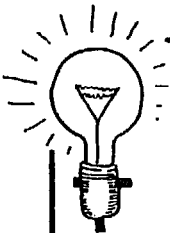
Tim Sample

**ANALYZE
THE
COMPETITION!**

DO I HAVE THE RIGHT DISTRIBUTION SYSTEM?

There are various options and combinations of options, but mostly it narrows down to a question of retailing or wholesaling. Retailing has a higher profit margin but there is less volume and greater overhead. Wholesaling is just the opposite and can require you to produce the identical product(s) in quantity. What about you? Are you satisfied with your distribution system? Do you want to try anything new or different.

***SALES ARE YOUR LIFELOOD -
TAKE TIME TO PLAN NEW WAYS TO INCREASE THEM!***



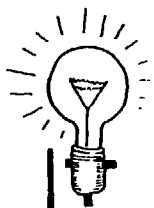
IS MY PROMOTION & ADVERTISING ADEQUATE?

Your most effective "advertising" will be through reputation and word-of-mouth referrals. Think about your targeted market. Consider the simplest, most inexpensive ways of reaching it; then work into more complicated and expensive projects. Simple things like a good sign properly displayed, the appearance of the store, and first rate customer attention are important! Consider putting together an attractive brochure, developing a mailing list, using swap guides...List ALL of your ideas and then develop a step-by-step strategy for testing them.

Am I satisfied with my name, logo and general image?

Have I really covered the basics?

What's my fixed budget for promotion & advertising?



MAPPING OUT A BASIC PROMOTIONAL PLAN A Four-Step Worksheet

Jot down those promotional and advertising ideas that you want to try out. Do some real brainstorming!



Look In-House First

(clean up, paint up, organize, better displays, attractive signs, uniforms....)



Simple, Easy Things that go a Long Way

(appealing logo, interesting business cards, a brochure, signs on vehicles, bulletin board notices, sandwich boards, educational talks, news releases....)



Focusing on the 20% Best Buyers

(exceptional customer attention, personal letters or notes, special sales or offerings, mailing list, tradeshow....)



Getting More Ambitious . . . and Costly

(co-op advertising, weekly and daily newspapers, yellow pages, magazines, radio, T.V.....)



**EFFECTIVE MANAGEMENT IS MORE THAN
REACTING TO PROBLEMS AND CIRCUMSTANCES**

THE WORKFORCE

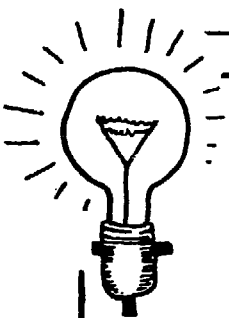
Most micro-businesses begin as single-person operations, and a “do it yourself” way of thinking results. But as a firm grows into something bigger, it becomes important to seek the assistance of others and to use your own time better — TO MANAGE! A big part of “working smarter, not harder” is changing with the business as it changes.

Your workers must be carefully managed; that is, planned for, organized, directed and periodically evaluated. If you take your time and hire carefully, you'll have a positive experience. You can find people through the job services, advertising, friends, etc. Carefully define your needs and always interview several people before making a final decision. Hire someone who fits the job and truly fills your basic requirements.

Make sure your workers are kept busy and know their responsibilities. MAKE THEM FEEL AT HOME! Remember, your business is their livelihood; they have a stake in it, too. Don't forget to compliment a job well done!

AM I USING MY TIME EFFECTIVELY?

Production is only a small part of the manager's job. Try to get organized and do what you can to balance your workload. You could be trying to do too much! Consider if you are using other people's talents well enough. Could anyone else assume some of YOUR workload? Would some training help?



A large empty rectangular box for writing notes or ideas, located at the bottom of the page.

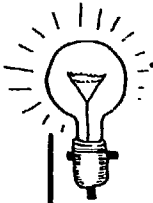
WHO DOES THE WORK AROUND HERE?

Indicate amount of time spent per week (or month) by you and each helper. Use a rough estimate of the number of hours or the percent of time spent in each activity.

	Current Responsibilities					Changes				
	<i>Names (all paid and unpaid help)</i>									
PRODUCTION										
Make Products										
Service Work & Installations										
Deal w/Suppliers & Inventory										
Equipment Repair										
MARKETING										
Selling										
Distribution										
Advertising & Promotion										
Shop Appearance & Clean-up										
Marketing Analysis & Strategy										
MANAGEMENT										
Business Meetings										
Activity Planning										
Bookkeeping										
Monthly Financial Analysis										
Credit & Collections										

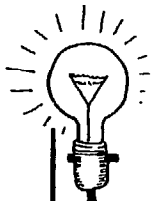
IS EVERYONE HAPPY?

Are you happy with them? To produce fully, a micro-business employee (or helper) needs to know that he or she is part of a team. Does everyone know his or her job and responsibilities? Is each person fully integrated into the business operation? Do you periodically review salaries and talk about their problems? Do you get their ideas for change?



SUB-CONTRACTING OR THINKING ABOUT IT?

Make sure you're not calling employees "sub-contractors" just to avoid making the required benefit payments. A sub-contractor doesn't punch a clock. You might supply the raw materials, but be careful about tools and workspace. Get a written contract and check with a lawyer to be on the safe side. Be sure your sub-contractors have their own insurance.



AM I OPEN TO OUTSIDE HELP?

Any growing business can frequently use expert advice. Always select people who are truly interested in your business, and sympathetic to your needs as a micro-business. Since you'll often want to work closely with these consultants, you should feel comfortable explaining your business problems. Always SHOP AROUND, and check references.

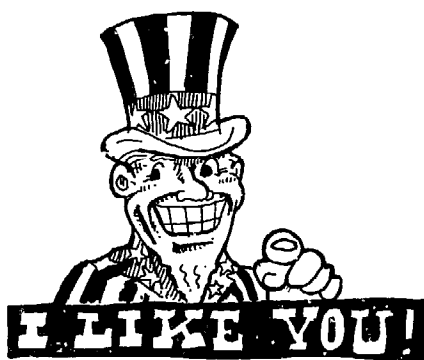


TAKE TIME TO FIND THE RIGHT OUTSIDE HELP!

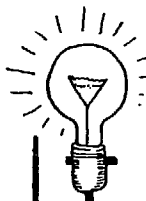
DO I HAVE . . .	Yes	No
an ACCOUNTANT I trust?	<input type="checkbox"/>	<input type="checkbox"/>
a LAWYER I trust?	<input type="checkbox"/>	<input type="checkbox"/>
an INSURANCE AGENT I trust?	<input type="checkbox"/>	<input type="checkbox"/>
a BANKER I trust?	<input type="checkbox"/>	<input type="checkbox"/>
a BUSINESS ADVISOR I trust?	<input type="checkbox"/>	<input type="checkbox"/>

IS UNCLE SAM HAPPY?

Simply put, the regulations governing employees stipulate that you must: (1) pay minimum wage or better; (2) insure people in case they get hurt (workmen's compensation); (3) protect them from severe hardship should they be laid off (unemployment compensation); (4) contribute to Social Security; (5) withhold a part of their check for federal and state taxes; and (6) check special restrictions on hiring persons 18 years old or less.



WHO PAYS WHAT?	You	Employee
Wages	All	
Withholding taxes (Fed. & State)	(You do the paperwork)	All
Social Security	Half	Half
Workmen's Comp.	All	
Unemployment Comp.	All	



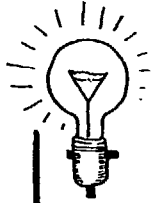
THE PRODUCTION

Whether you're a small manufacturer, a repairperson or the manager of a retail store, your business has a productive component. Production is creating value through mental or physical effort.

Something unique to self-employed people is the high level of quality and expertise which prevails in most of their enterprises. Most self-employed people get into business because they like making a product or providing a service or selling something special. Production brings up many considerations but — to save you time, headaches and money — it must be organized and efficient. Get things rolling smoothly in your business! Work towards acquiring the appropriate equipment, the right suppliers and adequate inventory.

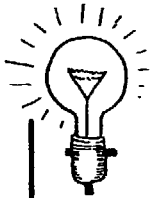
IS MY PRODUCTION ORGANIZED & EFFICIENT?

Take a look at the way your production is organized. Can you think of any time savers? Save money by reducing the number of steps in doing things. Organize your road trips better. Improve the arrangement of equipment and tools. An orderly operations site will conserve space, improve morale — and favorably impress customers!



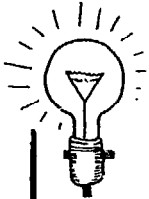
ARE MY EQUIPMENT & FACILITIES ADEQUATE?

Sure, better equipment and facilities are always nice, but are they absolutely essential? How quickly will it pay for itself? Could I use my money better in some other way?



DO I SHOP AROUND ENOUGH FOR SUPPLIES?

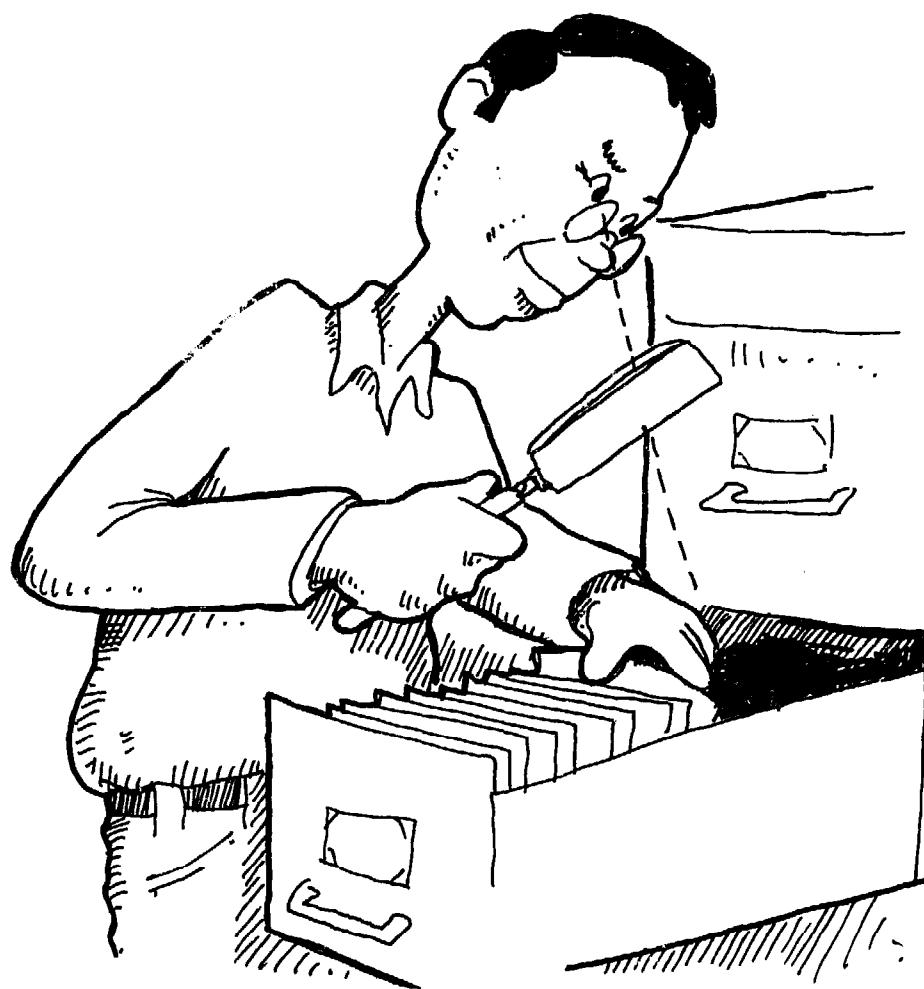
Try to buy from suppliers who are sincerely interested in your business and its success. They'll work hard and often extend themselves for you. To obtain the best price consistent with quality and service, SHOP AROUND! Know your suppliers' strengths and weaknesses.



TYING UP TOO MUCH CAPITAL IN INVENTORY?

Ideally, you will want to purchase the right kinds of goods, in the right amounts, at the right time and at the right price. When you add stock, make sure it's in affordable amounts, is of stable value and can be turned over reasonably quickly. Be careful not to tie up too much working capital or cause yourself a cash crisis. Don't forget the 80/20 Rule of Thumb: 80% of your sales come from 20% of the normal product line.





RECORDKEEPING IS THE BEST WAY TO CUT EXPENSES

THE FINANCES

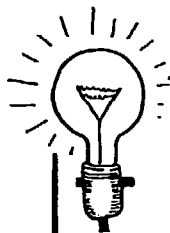
You're in business to make a profit. To do this, you need to organize your finances properly. Before you can plan where you're going, you have to know where you've been and how you got there.

Recordkeeping is based on common sense and provides you with vital business information. Through analysis of your records, you can see how much money you took in over a given period of time and what expenses were. Accurate records give you a good indication of what to expect in the future. Recordkeeping is the best way to cut expenses — because it makes you more cost conscious.

Spend at least a few hours each month doing some serious financial analysis. Our workbook **Basic Finances** explains how to use the documents all businesses should have: a Profit and Loss Statement, a Balance Sheet, and a Cash Flow Projection.

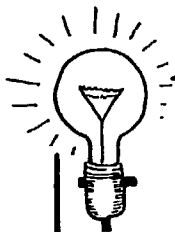
AM I SEPARATING BUSINESS & PERSONAL EXPENSES?

As a sole proprietor, it's essential that you keep track of any money you take out of the business. Otherwise you'll never know how well your business is doing. No matter how small your company is, you need a separate business checkbook. Write yourself a check whenever you take money out. Try to take out a fixed amount once a week.



IS MY BOOKKEEPING SYSTEM ADEQUATE?

There are numerous bookkeeping systems available. Some are simple and ideally suited to the needs of self-employed people. Are you comfortable with your present system? Does it help you manager your business? Many people we know are now using "One-Write" bookkeeping systems (available from various manufacturers) with favorable results. Look into them.

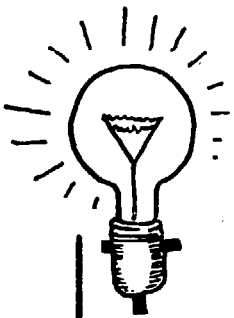


IS MY MONEY EFFECTIVELY MANAGED?

Wondering about it? There are several ways of finding out. A Cash Flow Projection with monthly analysis is the best way we know of focusing on "the bottom line." It shows, month by month, when and how much money will flow into and out of your business. It forewarns you of possible cash problems. Working together with the Cash Flow, a monthly Balance Sheet and Profit & Loss Statement will tell you where your financial strength is and how you've gotten where you are.

Make a habit of doing your financial analysis in a timely manner (preferably during the first five days of the month), and discuss the results with your accountant and/or business associates.

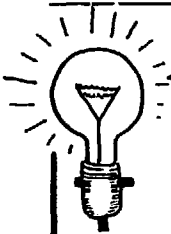
Do you project your cash flow at least three months in advance? Do you compare your projected expenses against your real expenses on a monthly basis?



***EVERYBODY SHOULD HAVE SOME WAY OF
KEEPING TRACK OF MONEY COMING IN AND OUT. NO EXCUSES!***

AM I HAVING PROBLEMS WITH CREDIT?

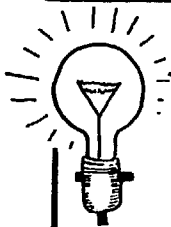
You can reduce problems in giving credit by being highly selective about to whom you give it. A written credit policy will help you to be fair with everyone (including yourself). Require a credit application and routinely check the buyer's character and financial strength (credit check). Put the terms and conditions **IN WRITING!** Do I have a written credit policy? Do I follow up on invoices and billings regularly?



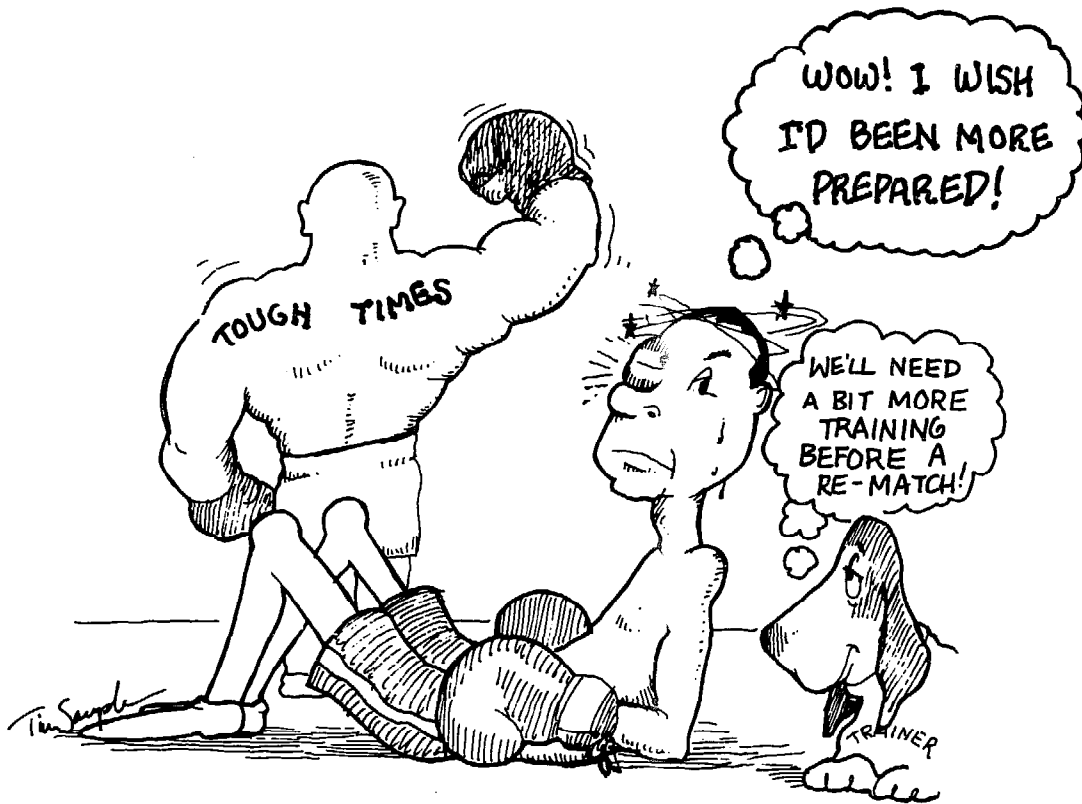
**WOULD YOU LIKE TO KNOW WHERE YOUR BUSINESS WILL BE IN ONE YEAR?
A CASH FLOW PROJECTION WILL SURELY HELP!**

DO I NEED WORKING CAPITAL?

First, try cutting costs and streamlining your operation as a way of producing working capital. Then carefully analyze your situation before looking for outside capital. Are you managing well enough to be able to afford the cost of money? What are your possible sources of capital? ...Family? ...Friends? ...Suppliers? ...Bank? Do you have any credit problems to resolve?



***WANT TO ORGANIZE BETTER, INCREASE PROFITS, GET A LOAN?
A WRITTEN BUSINESS PLAN IS ONE OF THE BEST WAYS WE KNOW
TO ACCOMPLISH THESE GOALS!***



**WHEN TIMES ARE TOUGH, YOU'VE GOT TO USE
ALL YOUR RESOURCES TO STAY ON YOUR FEET**

STAY ON TOP OF FINANCES!

Know where your money is; how it's coming into and going out of the business. Good books and careful cash flow management are essential.

THE STRUCTURE

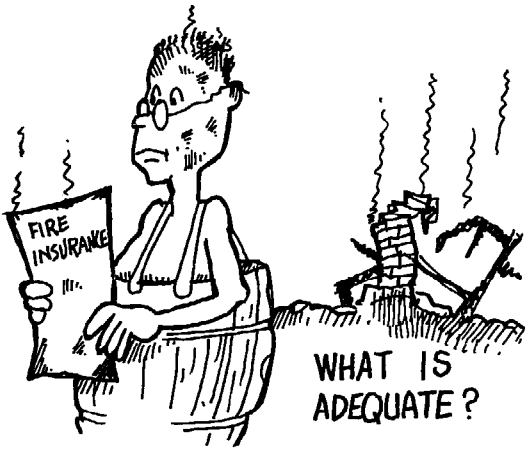
Consider the way your company is structured — a sole proprietorship, a partnership or a corporation. Each legal structure has its pros and cons. Are you sure you have the most appropriate structure for your business, given your overall financial situation? If not, we suggest you consult with a lawyer to find out more about the options. (While you're there, ask him/her about the insurance coverage you should be carrying.)

Find out about the Sub-chapter S corporation. It's sort of a cross between a partnership and a traditional corporation with some of the advantages of both. There is more paperwork in running a corporation and it will cost you a lot more to set up the business, but it may suit your needs better.

IS MY INSURANCE ADEQUATE?

The purpose of any insurance program is to avoid exposing yourself to risks which might cripple your business. Although being in business is itself a risk, an alert entrepreneur will try to reduce the risk s/he bears directly.

Insurance should be subject to hard-nosed analysis. Make sure money isn't being spent needlessly. Make a point of periodically discussing with your agent or lawyer ways in which your coverage and expenses can be reduced.



...at least **minimum** coverage on:

	Yes	No
Liability	<input type="checkbox"/>	<input type="checkbox"/>
Fire insurance on building (if owned)	<input type="checkbox"/>	<input type="checkbox"/>
Burglary and robbery	<input type="checkbox"/>	<input type="checkbox"/>
Business Interruption	<input type="checkbox"/>	<input type="checkbox"/>
Workmen's Compensation	<input type="checkbox"/>	<input type="checkbox"/>

DO I HAVE THE BEST LEGAL STRUCTURE?

	ADVANTAGES	DISADVANTAGES
<p>Sole Proprietorship...is the simplest type of business. It is owned by one person who assumes the risks to the extent of ALL his/her assets. Only the owner can make binding business decisions.</p>	<p>It's simply organized and flexible. There is no profit distribution and only minimal legal restrictions. It can be simply discontinued at any time.</p>	<p>The owner has unlimited liability and it is difficult to obtain adequate working capital. Skill and knowledge is generally limited to that of the owner.</p>
<p>Partnership...is owned by two or more persons who pool their resources and share the risks. Each person contributes time, money, property and/or skills.</p>	<p>It's simply organized and has greater financial strength than the sole proprietorship. The partners share a strong personal interest in the business, providing a better base of skill and knowledge.</p>	<p>The owners still have unlimited liability. Divided decision-making can lead to misunderstandings and conflict. Death dissolves the partnership.</p>
<p>Corporation...is an entity with rights and duties of its own, separate from its owners. Owners are stockholders; managers may or may not be.</p>	<p>The business has an unlimited life and individual liability is limited. There is greater financial strength; more varied skill and knowledge. The structure is adaptable to small and larger business; ownership is easily transferred.</p>	<p>It is more difficult and expensive to organize. The activities are restricted by charter. It is subject to special taxation in addition to many state and federal controls.</p>



REGULAR BUSINESS MEETINGS HELP YOU MANAGE BETTER

THE OVERALL MANAGEMENT

Management is directing and administering business affairs. The management process has four basic functions:

Planning — determining what is to be done; the setting of goals.

Organization — the “getting set up” stage; determining how.

Direction — moving towards the goals.

Control — periodically stepping back to ask, “How are we doing?”

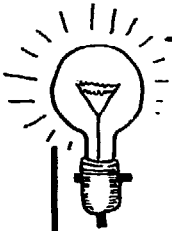
Self-employed people are generally more familiar with organization and direction than with planning and control. Many small companies are so diversified that the owners lose the overall sense of where the business is going. It takes planning to pull together the loose ends. Would you build a house without a plan? Why then would you try to build a business without one?

Planning helps to clarify your thoughts and identify strengths to build on. It helps you to organize yourself, and to measure the results of your efforts.

Planning will help you!!! It takes an honest, flexible attitude...together with some time and effort. Remember that plans are only guidelines. They don't have to be perfect!

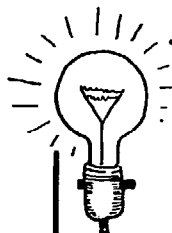
HAVE I TAKEN TIME TO PLAN ADEQUATELY?

Excuses for not planning could fill a book. Some are valid; others are JUST excuses. If you want your company to grow and prosper, you must anticipate conditions, not just react to them. Planning could make the difference between a stable concern and one that is in trouble. What's your attitude towards planning? Is your operation too small to need it? What might you do differently?



DO I REGULARLY EVALUATE PROGRESS?

Remember that the planning process is dynamic! Plans are supposed to change as you try things out to gain experience and knowledge. Get into the practice of using your plans as guidelines and working by them. Are you achieving your goals? Is your ship on the course you charted for it? Do you evaluate and reproject your plans monthly? . . . quarterly? . . . yearly?





...PLANNING HELPS AVOID CONFUSION!

REGARDING YEARLY & MONTHLY ACTIVITY CHARTS...

...We're walking a tightrope! On the one hand, we don't want to scare you away by presenting a planning process which is too elaborate. On the other hand, we are anxious to give you all the tools we can to facilitate your task.

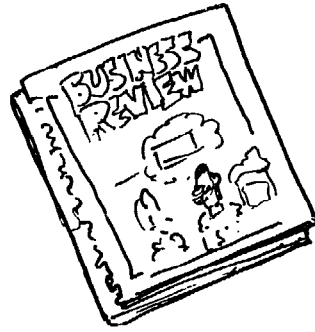
Each person will approach planning in a different way. Don't be concerned about doing it "the right way" or "the wrong way." The important thing is to DO IT! NOW!

Following are two charts: **Yearly Plan and Activities Chart** and the **Monthly Breakdown**. Use either chart independently, or use them together as they were designed. It's a matter of personal preference!

PLANS ARE MADE TO BE CHANGED!

THE BASIC PLANNING PROCESS

1.



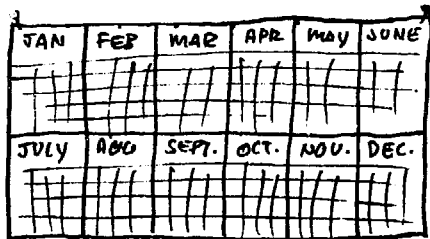
COMPLETE THE BUSINESS REVIEW

2.



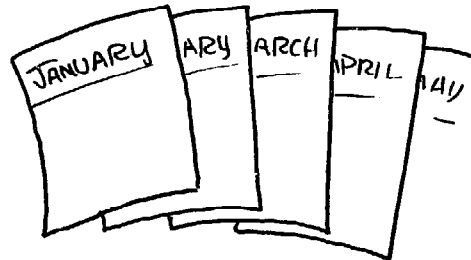
COMPILE IDEAS & SET GOALS

3.



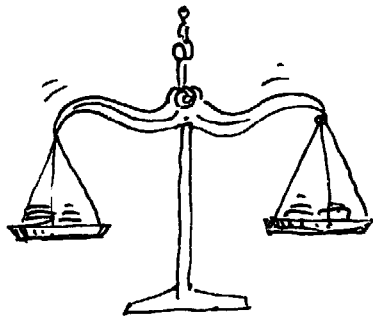
PUT TOGETHER YEARLY PLAN

4.



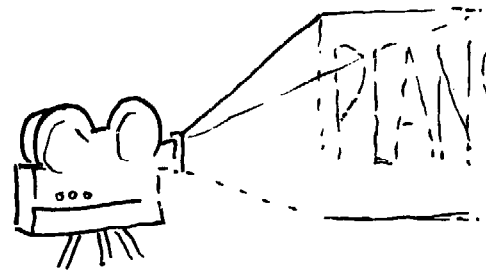
BREAK DOWN INTO MONTHS

5.



EVALUATE ACHIEVEMENTS

6.



REPROJECT PLANS

YEARLY PLAN & ACTIVITY CHART

COMPANY _____
 PERIOD COVERED _____ to _____

GOALS (WHAT WE'RE AFTER)	ACTIVITIES FOR EACH 3 MONTH PERIOD (HOW WE'LL DO IT!!)				EXPECTED OUTCOME
	1st QUARTER _____ to _____	2nd QUARTER _____ to _____	3rd QUARTER _____ to _____	4th QUARTER _____ to _____	
	✓	✓	✓	✓	

....TOO MANY THINGS IN THE FIRST THREE MONTHS? SPACE THINGS OUT BETTER! PLANS ARE MADE TO BE CHANGED!

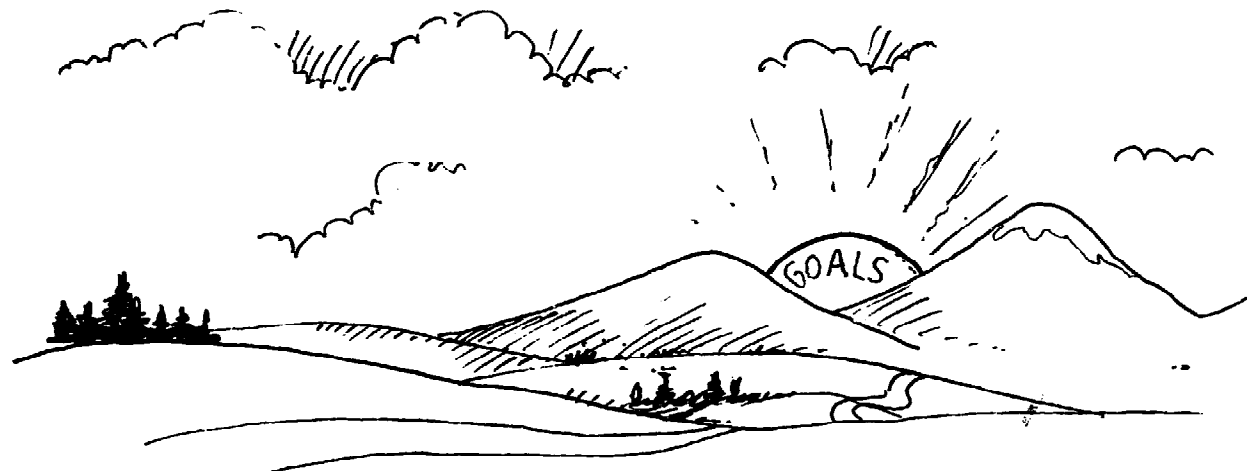
...ABOUT SETTING GOALS

GOAL...something you're working toward, or an end product.

ACTIVITY...a step toward that goal, or how you'll accomplish it.

Don't fall into the trap of ONLY setting production or service goals. Put together something which reflects ALL of your plans over the course of the coming year. Bookkeeping, marketing, and planning itself are all integral parts of a successful business. If you fail to include them, they may not get done.

**BREAK BIG THINGS DOWN INTO SMALL STEPS!
DO SIMPLE, INEXPENSIVE (BUT IMPORTANT) THINGS FIRST!**



LET'S BE PRACTICAL ABOUT THIS THIS!!!

YEARLY PLAN & ACTIVITY CHART

GOALS (WHAT WE'RE AFTER)	ACTIVITIES FOR EACH 3	
	1st QUARTER _____ to _____	2nd QUARTER _____ to _____
(1) DEVELOP AN OVERALL MARKETING PLAN	ANALYSIS: Customer profile, competition, targeted market.	CONSIDER marketing mix of prices, products, etc. PLAN overall Marketing strategy
(2) ESTABLISH NEW PRODUCT LINE	PREPARATION: Take public speaking course & get presentation together.	CONTACTS: Make list of builders, architects, insurance companies.
(3) GAIN BETTER CONTROL OF INVENTORY	CONSIDER: Computer system.	COMPLETE: Inventory & evaluate suppliers
(4) HOLD WEEKLY BUSINESS MEETINGS	COMPLETE: The Business Review.	INITIATE Monthly Financial Analysis
(5) IMPROVE FINANCIAL SYSTEMS & MONTHLY MANAGEMENT CONTROL	FIND new accountant & review old system. Clean up old bills. ESTABLISH credit policy & get credit cards.	INITIATE use of Cash Flow Projection, analysis & reproject. (3 month experiment)
(6) INCREASE SALES CAPACITY (PERSONNEL)	CERTIFICATION: John goes to night school!	PURCHASE additional tools & used truck.
(7) RENOVATE FACILITIES & REORGANIZE PRODUCTION FOR INCREASED SALES	Gather materials to renovate barn. (recycled?)	CONSTRUCT: timbers in main structure & interior framing
(8) BECOME CERTIFIED DEALER	CONTACT guild & send for certification.	Study material
(9) SET UP PERMANENT RECORDS FOR EACH CUSTOMER	FILE as information comes in.	TYPE records for each customer.

....TOO MANY THINGS IN THE FIRST THREE MONTHS?

COMPANY SMITH & SMITH, INC.
 PERIOD COVERED Whenever to Whatever

MONTH PERIOD (HOW WE'LL DO IT!!)		EXPECTED OUTCOME
3rd QUARTER _____ to _____	4th QUARTER _____ to _____	
INITIATE promotion & advertising campaign based on our resources.	EVALUATE results & reproject plans	ESTABLISHED IMAGE IN COMMUNITY
INITIATE: Schedule appointments & contacts for presentations.		NEW PRODUCT INTRODUCED TO CONSTRUCTION COMMUNITY.
ESTABLISH ordering procedures, terms and schedule.	CONSOLIDATE parts ordering for discounts.	BETTER USE OF SPACE, BETTER SERVICE & ADDITIONAL MONEY!
DISCUSS incentives & benefits package	EVALUATE year's work & plan celebration.	EVERYONE "IN TUNE" w/BUSINESS
LEARN preparation Balance Sheet — P&L REEVALUATE labor rates & on-site calls.	EVALUATE results & make adjustments. INITIATE other cost cutting strategies.	LOCATE THE MISSING MONEY! FINANCIAL CONTROL BY END OF YEAR!
John goes on road part-time by self.	HIRE 1 full-time & 1 part-time helper.	TWO SERVICE TEAMS ON THE ROAD!
CONSTRUCT partitions for office space, siding & insulation.	REORGANIZE: Interior space & production flow — make office operative!	READY FOR EXPANDED MARKETING EFFORT!
Take tests	Get identification cards & number.	SATISFACTION & GREATER RECOGNITION.
REVIEW filing techniques	INITIATE new procedures.	SMOOTHER RUNNING OFFICE

NOTE:

These examples do not necessarily go together as a comprehensive plan. They are taken from various client worksheets. We've tried to show you how different people "map out" their ideas. We hope it provides you with food for thought!

SPACE THINGS BETTER! PLANS ARE MADE TO BE CHANGED!

MONTHLY BREAKDOWN OF ACTIVITIES

COMPANY _____
 DATES _____ to _____

ACTIVITIES THIS QUARTER (TAKEN FROM YEARLY PLAN)	SPECIFIC TASKS & PROJECTS EACH MONTH					
	MONTH OF:		MONTH OF:		MONTH OF:	
	WHO?	✓	WHO?	✓	WHO?	✓

NOW! IF YOU REALLY WANT TO GET ORGANIZED...TRANSFER IT ALL TO A BIG WALL CALENDAR!!!



A LITTLE BIT OF EFFORT CAN GO A LONG WAY!

**DID YOU DO THE WHOLE THING, OR A BIG PART OF IT?
CONGRATULATIONS!**

You've taken a giant step towards managing your business!

In order to stay on top of things, we suggest making **The Business Review** an on-going process in your operation. Use it, as appropriate, in your weekly business meetings. Conduct a major overall review, at least once or twice a year.

Getting through the planning process is the hardest part! It takes time, effort, a lot of careful thought and patient juggling around. Now don't just drop everything and forget about it.

You might begin by jotting down some of your planning ideas (specific tasks and activities) and a few notes to yourself on your shop calendar...just so you don't forget! Review your Yearly Plan and Activities Chart and your Monthly Breakdown frequently (once a month, at least). Make modifications as they appear necessary. This is our way of working smarter, not harder. We hope it works for you!



DODD-BLAIR & ASSOCIATES

Dear Self-employed Friends,

In our work with self-employed people throughout Maine, we find great pride and integrity in the high quality of the products and services they produce. We, too, are proud of our work and know you'll appreciate our publications!

These workbooks fill the need for practical, down-to-earth information which can be easily applied to daily business operations. The focus is on BASICS — the general principles behind effective, profitable management. Since all business situations are different, you can apply the material as best suits your needs. Let us know what you think of them. We guarantee your satisfaction!

The Business Review is a good starting point. It is an organized review of the major components of your operation and encourages creative thinking. The final section on planning will help you organize your activities so that they are easier to complete.

Use all or any part of **The Business Review** appropriate to your operation. It's excellent as a comprehensive planning document or as an annual or biannual review. No matter what the stage of your business, **The Business Review** is helpful.

In addition to the workbooks, we've developed a variety of management services including workshops and one-to-one consulting. We stress practical, self-help information designed especially for the small operator. Our business is based in Rangeley, a beautiful micro business community in the western mountains. For further information, please write P.O. Box 644, Rangeley, ME 04970 or call (207) 864-5195.

Best wishes,

Gerry + Annie

\$18.00 (set of five)

0-930205-00-6 (5 volume set)
0-930205-01-4 (Business Review)