

Ten Resolutions that can Help You and Your Business

It's that time to reflect and begin a personal make-over for the New Year. Normally, I provide you with ideas that are very basic to business improvement. But given that we are all busy and time is very important to us, providing you with survival tips seem more appropriate.

1. Spend money only if it makes more money

Regardless of economic conditions, never spend a dollar unless you feel certain it will result in a sales return of \$1 plus something for net profit before taxes. You are in business to make a profit. Without profit why spend the money?

2. Analyze last year's spending

A thorough financial inspection ties in closely to our first resolution on spending money. Have your bookkeeper or accountant provide you with profit and loss statements and cash flow statements for each of the last 12 months. You want to examine how your spending (expenses and cash disbursements) corresponds with the rise and fall of sales and receipts. For example, a business relying on seasonal sales should show the greatest level of inventory expense occurring just before and during the first part of the sales season. High levels of inventory expenses in the latter part of the seasonal period would suggest poor planning and underestimation of inventory turnover. This can be costly; sales can be lost if the appropriate type and amount of inventory is not available when the customer arrives.

3. Inspect your internal operations

When was the last time you reviewed and evaluated the internal operations, procedures, organizational structure and policies of your company? If it's been more than a year, it's too long. Between 1970 and 1990, many corporations conducted thorough analyses of their organization and operational procedures to determine how to cut costs, reduce duplication of work, increase productivity and improve fiscal oversight. It was a period in which many companies laid off many workers, sought more product and services through contracts and even moved manufacturing operations overseas. Money and time were saved in reviewing operations that could be accomplished by fewer people with the same or a greater level of proficiency. That opportunity can equally exist in a small business.

4. Allocate advertising dollars wisely

You must be very certain the advertising does more than create brand awareness for your products, services or company name. The money invested in promotion must result in sales exceeding that expense. Treat the advertising rep as a vendor; he or she has the responsibility to demonstrate that your customers will view the specific ad you are considering. Too often, we are content with simple promotional promises such as "of course your customers read our magazine." You want proof. Worthy media firms have data to demonstrate who views their publications, be it radio, TV, print or the Internet.

5. Time your equipment upgrades

Do you need to replace or upgrade old office equipment and machinery? Well, wait until the end of the year. Typically, during the first quarter of a calendar year you will see dramatic drops in prices of items such as copiers, fax machines, computer peripherals and more. Manufacturers are dumping older models in preparation for the introduction of newer versions. Of course, repair needs can't be timed. But if you can make do for a few weeks, you might be able to replace that cranky copier with a new one. And the \$299 model you're eyeing might be available for \$200 by then.

6. Consider contractors

I've been a reluctant believer in using contracting services instead of full-time employees, but the continuing high costs of health insurance, not to mention ever-present Social Security and Medicare outlays, make contracting in this area a necessity for many small businesses. Examine other areas of your company, such as computer or payroll help, where outsourcing could improve your bottom line. [*Internal Revenue Service Publication 15-A*](#) outlines its rules for differentiating between contracted and employee labor.

7. Broaden your market

Attracting new clients is always critical, especially so in a recessionary market where competition is tougher. Many businesses establish a specific target market or client for their products and services. Once operational, the business tends to cultivate that market. But a little research may reveal that by expanding your advertising and promotions to a neighboring city or county, more clients will come knocking on your business door. Be certain, however, that the added expense of advertising and costs of delivering products or services to an extended geographic area do not eliminate your profits.

8. Expand your offerings

Don't limit your entrepreneurial outlook to just geographic considerations. Again, let market research be your guide and explore the profit potential of additional products or complementary services. For example, it is one thing to offer a product, but have you thought about installing what you sell?

9. Size up your competition

Take the time to seriously investigate your competition. Sure you know which competitors moved in and took away some of your customers. Now look at how they did it. Did they use advertising channels you haven't considered? Are they offering a more appealing product? Is there something that you can offer (pricing, more service) to win back lost customers? Can you meet or beat on what they deliver? You can't beat the competition until you thoroughly understand it.

10. Plan your business

I cannot overemphasize the need to plan prior to opening your business, especially if you are a startup. Don't expect to receive consideration from a venture capitalist or commercial lender unless you have a [business plan](#). And don't expect consideration unless that business plan is complete. That means you must invest a lot of time and effort to develop a business plan that has substance of research, planning and attention to the costs. Be conservative in your projections of income. Don't reduce anticipated costs simply to make your income projections look good. Be real about this. Venture capital companies and commercial lenders are experienced in reading between the lines of a plan; they will quickly discern whether yours is well-developed and carefully researched or if it is simply patched together to make the idea look good.

Not all of these will apply to your company. But many will -- or should. Implementation of the appropriate ones can help you determine the best course for your business going into the New Year.

I wish you well.