

## **Increase Your Odds to Stay in Business**

The Small Business Administration (SBA) was quoted to say that over 50% of startups will go out of business in the first year and 95% will go out within 5 years. While we were researching this we also found out that a total novice in Las Vegas at the blackjack table has a 16% chance of winning. WOW; three times better odds than a business owner staying in business.

And yet we entrepreneurs bet **EVERYTHING** we have on the business. Not just \$500 or \$1,000. **EVERYTHING!** Our income, our savings, the equity in our house, often times our relationships with significant others, our quality of life and even our children's future.

In Vegas you can improve your odds by studying the system and game. In fact if you devoted enough time you could increase your odds of winning all the way up to 47% by becoming a "Master" according to Vegas statistics. You can do the same in business and dramatically increase your odds by knowing what to look for and reading the signs.

According to Christine Christian, CEO of Dun & Bradstreet, 80% of all companies that fail do so as a result of "Poor Financial Management." Increase your knowledge of how to manage your business from a financial perspective and your odds of success go way up. Learn what numbers to watch and what they mean. Install the systems to collect those numbers and you increase your odds. You don't have the time? Really? You only have three choices.

- **Make the time,**
- **Find someone with experience to outsource to**
- **Rely on Lady Luck to carry you through**

**Because the odds of your success without this knowledge are really poor.**

Our entire company exists because of owners who don't have the time or skills or desire, but you have to do it or get ready to lose.

The attitude of, "I've been in business 12 years so I must be ok", is like the guy falling from the building and as he passes the 3<sup>rd</sup> floor he says, "So far so good". Think about it, how many companies, even large ones, can you name that were in business 20 years ago. The stats are clear, whether you try to argue them away or not.

**So to the point, what can I do to improve my odds?**

- **Know your numbers**
- **Collect the right information**
- **Learn to understand what those numbers are telling you.**
- **Learn how to control and change those numbers**

**We will tell you how to do this.**

There are 16 elements that we have found that will give a small business a complete financial system; most companies have only two of these 16. Commonly, the entrepreneur collects financial data in a traditional way for one purpose only: to file the necessary tax information that will keep them out of jail. This is called “tax accounting.” In order to report those taxes, you need to gather the information and that is a process called “bookkeeping.” To make matters worse, most bookkeepers have their days interrupted with 20 other things they are responsible for. This makes for mistakes.

**Your Profit Authority Advice:**

- **Section off a number of hours at predetermined times when all the bookkeeper will do is work quietly and uninterrupted on the bookkeeping.**
- **Get them training. Not just on QuickBooks or Peachtree, training on bookkeeping.**

Bookkeepers, who are really “bookkeepers,” can and do get certified. This is a skill that you trust the life of your company to. Most owners wouldn’t hire people with little or no experience in any other facet of their business, so why do it in the heart of your business?

**If you are feeling overwhelmed, keep reading because your business life depends on this stuff.** At the end we will also give you some easier alternatives, but you need to first understand what it takes to have a good working financial system that will let you grow your business, in order to properly judge the validity of the alternatives. Once the flow of information from the bookkeeper to the accountant is reliable, you need to put systems in place to collect the correct information for analysis. The analysis of this newly collected information will allow you to fulfill some or all of the other 14 remaining elements.

### How many of the 16 elements do you have in place?

1. Lowest Practical System Cost
2. Bookkeeping
3. Tax Accounting
4. Cost Accounting
5. Managerial Accounting
6. Bank Requirements Tracking
7. Performance versus Industry Standards Comparison
8. All Necessary Business Tax Filings
9. Tax Planning
10. Business Strategizing
11. Cost Analysis
12. Financial Requirements of the Business
13. Establish Goals & Objectives and Track
14. Trending
15. Budgeting
16. Forecasting

Having this information provided and analyzed will give you the right tools to make intelligent managerial decisions. In the military people are sent to “recon for intelligence” so that they will know what the competition as it were, are up to. That “intel” is used to make smart decisions that will allow your side to win the war.

If you think, “Well this isn’t war”, think again. Having the right information will increase your odds of survival and success many times over the person who doesn’t have it.

For those of you who rightfully feel that your time is better spent doing what you are good at such as selling or engineering, look into outsourcing the function. The medium and large companies all do this. The large accounting firms provide such services. Due to their rather steep fees, they target companies with annual sales of \$40 million and up.

There are some companies out there who provide some or many of these elements discussed and as you could probably guess, our firm developed our model around these elements so it facilitates all 16 of them. By finding a company who specializes in this area, you will get the benefits of “economies of scale”. In other words they do so much of it, that they can do it not



only better, but less expensively to boot. You've seen this in the Costco model. Because they are the largest retailer in the world, they can afford to operate at the low markup of 15%, and still make money. Everybody wins.

Finally, a great way to increase your odds of winning is to maximize your cash flow since that will be a key determinant to growth. For more on this download our White Paper: **"9 Ways to Improve Your Cash Flow"** from our website at [www.Your Profit Authority.com](http://www.Your Profit Authority.com)

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