



**SHEPHERD
& GOLDSTEIN**
Business Consultants and
Certified Public Accountants

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Grow your Business

Contents

- ▶ Getting on Top Of Business Forecasting..... 1
- ▶ How PR Keeps Business Going When Cash Isn't Flowing..... 2
- ▶ Sketching Out The Competitive Landscape..... 3

Don't Ease Up Now

The headlines are reporting signs on an improving economy. They state that the nation's manufacturing sector grew in August for the first time in 19 months as evidence. But just as you would expect when recovering from a physical setback, a recession recovery is tenuous. It is too early to celebrate; to turn to those dependant upon you and say 'we got through it'. Recovery is the time to continue that intense focus and effort that has allowed you to survive so far. In this issue, we bring you back to forecasting your future with an eye on the message your business practices are putting forth. Don't settle on your laurels, but pay attention to what your competition is doing so you continue beyond survival towards growth.

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Editor

Getting On Top Of Business Forecasting

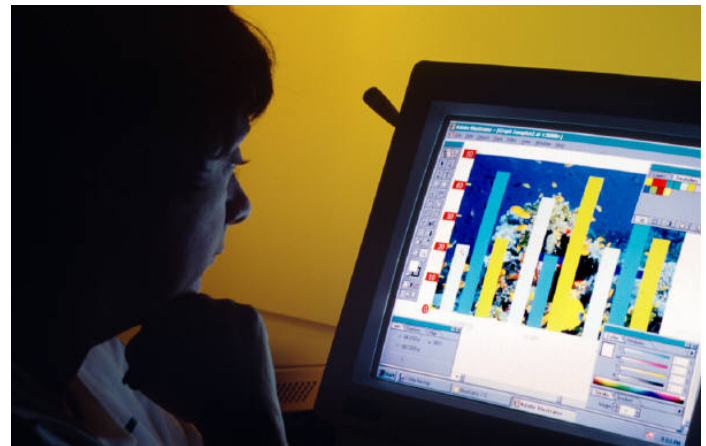
The only way to remain in business in this climate is to plan, but the days of the three to five year plans are over. Instead focus on the next 18 to 24 months with lots of scenario planning and stress testing.

Build scenarios

Create a forecast for the next 18 months to 2 years. Take your business plan and then impose a series of scenarios. A business-as-usual scenario, for example, might have flat growth. Another scenario might project a 10% drop in revenue and a 20% increase in input costs. These scenarios show you the effect on the business of outside forces, and allow you to develop contingency plans to mitigate their effect if you start to detect their impact through your monthly reports.

You might decide that if revenues decline for two or three consecutive months, then you will implement a stronger sales program. If that fails, then you might move to significant cost reduction activities. Look at what happens if the company loses customers and suppliers.

You might need to draw up plans to create other ways of drawing revenue, like discounting, or going to other markets or changing production. Identifying a critical threshold means you can start thinking about how to mitigate it.



Develop your business plan

Critical to forecasting is your business plan; it should cover market analysis, organization and management, strategic analysis, marketing and sales, products and services, the amount of funding needed to start or expand the business, and financials. The best business plans are updated every three months.

Do you find when it comes to a choice between serving a paying customer and writing a business plan, like most small businesses, you go for the money? Lack of time is a major reason many small companies don't have plans. The answer for some businesses is to prepare the plan on the weekend. It might take an entire day, but it's a worthwhile exercise.

Helpful tools

You may not have the sophisticated forecasting tools of the big companies, but you can do certain things to plan ahead. Every business owner, even a small corner store operator, should be able to build a basic financial forecast model using Excel spreadsheets. It is really not that complicated. It's a very structured process where you look through the historical financial statements and the balance sheet history. If necessary, attend an Excel training course and spend some time with your accountant getting help to set it up initially.

Talk to customers and suppliers

Stay close to your customers and suppliers. They will often have good information in their own areas of expertise that can help you develop a sense of likely trends. For instance, retail supply companies probably know quite a bit about customer buying behavior which can forewarn you about risks and opportunities in your own business.

Track targets and KPIs constantly

Going through the balance sheet every three months is simply not frequent enough in this climate. Prepare your monthly financials as close to possible to month end, and then run your stress tests constantly against the figures. Make sure that your key performance indicators, such as sales targets for each week, are in place. Analyze the month's end financials comparing the actuals with your budget to see where you are performing well and where there are short-falls.

How PR Keeps Business Growing When Cash Isn't Flowing

When business is slow, more than ever, you need to stay visible. Public relations can come to your rescue inexpensively - and often for free. Every organization uses PR, from the logo on your van or color of team uniforms, to sponsoring the local football team. Even your email sign-off is working for you if it gives the right impression.

Here are seven ways to grow your business using 'easy PR':

1. Make great service a top priority

In these days of price-sensitivity, review your service levels for a competitive edge, even to loyal customers. Look for opportunities to take service up a notch, on the phone and in person. Ask customers for their feedback and opinions and act on what they say. Answering phones promptly and professionally is a good signal that you're serious about hearing



from clients, no matter the reason for the call. Make a new policy for timely turnaround of enquiries and complaint-handling, such as "within 24 hours" – and promote it in your marketing and correspondence too.

2. Reward word of mouth referrals

When new customers come through referrals – and you must always ask where they heard about you – reward the person who passed the good word along. A free product sample, discount or even movie tickets are all good gestures, but a simple thank you letter will have them just as delighted in these times of hurried emails and impersonal communications.

3. Review you messages, not your rates

Are you sure your market shares the eco-gloom? Check on perceptions and competitor activity before discounting prices as an automatic reaction to the slow-down. Could you better focus of your company's messages on value, benefits, your reputation or reliability? If so, you might avoid an unnecessary cash flow cut in the process. Perhaps your "25 years as a trusted family business" or your "no-fuss returns policy" messages need to be brought to the top of current promotion.

4. Get quoted in the media

Third party credibility in the right media outlets – traditional and online - increases your business opportunities. Look at your company's activities through a media prism. Somewhere, there's an editor or blogger writing about your field who is looking for news items, commentary for a feature story or expert advice. Media visibility is the perfect way to stay in the minds of past clients - who may wonder if you're still around - and reach new ones.

5. Get noticed in the community

Local sporting clubs and schools need financial help in small and large doses. Sponsorship brings you great grassroots credibility and much more than bottom line rewards. Rather than ongoing cash, an 'in-kind' donation such as uniforms featuring your logo and web address, or supplying the food at catered functions might be just the boost they need. An accounting firm sponsoring a soccer team has the parents, grandparents and other spectators as perfect targets for financial services. Imagine an 80-minute "advertisement" every week in winter for the cost of jerseys and trophies?

6. Make necessary occasions "special"

Opening or relocating a shop or office shouldn't just be hard work and sweat. It should be an opportunity to celebrate. With balloons outside on opening day, sample giveaways and company literature for passers-by, your first day (or week) at a new address becomes a simple and colorful

“event” - and a memorable entry to the neighborhood or central business district.

Or, are you appointing a new manager with unique experience in a certain field? He or she might be welcome to share their story at a business breakfast or local chamber of commerce event. Promote your new team member and business to a keen audience with a public introduction that gets the right people talking.

7. P.S. Email sign-off messages get attention

Before email (if you can remember back that far), successful direct marketers swore by the “P.S.” as a crucial way to emphasize a marketing message. Your email sign-off is the new “P.S.” and it can work just as well. At minimum, it should show your website address, slogan and all contact details. But also think of it as energetic advertising space to broadcast your news.

Change the copy regularly. Add messages like “Winners of Best Widget 2009” or “Visit us at The Widget Show at Stand 10” with trade show dates and a hyperlink to the show’s website. But be careful when sending people to places other than your own website, as they might browse elsewhere and forget about you or worse – stumble on a competitor.

Sketching Out The Competitive Landscape

For anyone trying to grow a business, one of the necessary tasks is to map the competitive landscape and continue to keep tabs on how things develop in it over time. With a good understanding of the competition facing your business you’ll be able to spot and exploit opportunities as they develop. Ignoring the competition or letting success lull you into a false sense of security could mean nasty surprises further down the road. The following points can help you start developing a strategy:

- Identify your competitors: Your competition includes anything that could draw customers away from your business. For example, for a movie theater, other cinemas represent a direct competitor. But there are also a number of indirect competitors that need to be outmaneuvered as well. These are businesses after the same customer dollar as you. For the movie theater, cable TV networks, DVD rental stores and even online movies all represent competitors.
- Be a customer: Take yourself to your competitor’s and play at being a customer. Testing a competitor’s ability to serve you will reveal much about their business practices. And don’t stop at asking about things—test them out by buying something. It’s the only way to gain first hand experience with the company’s products and customer service.
- Talk to your competitor’s customers: Why do they buy from your competitors? Is it because of the quality of the product or service, the price, the location or



the customer support? What do they dislike about the company? What do they wish that company would provide? Could you provide it?

- Use the internet: You can also learn a great deal about competing businesses simply by going to their website. Check out how they arrange their pages and navigation, what information they offer, how easy they make the purchasing process and so on.
- Attend industry conferences and trade shows: Your competitor’s representatives will be pounding their chests about their products or services. Take advantage and familiarize yourself with their product offerings, strategies and how they sell themselves.
- Be aware of the potential for new competition: The competitive landscape can change fast these days. A national chain may not have entered your region yet—but what if it does? Likewise, companies that don’t currently compete with yours might shift their focus and pit themselves against your business.
- Assess the competition’s goals: A competitor trying to increase its market share might lower prices; a company attempting to increase profits may cut costs; and a business that wants to accelerate sales

An Important Message

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growth might kick off a marketing campaign. If you know your competitor's goals, you'll be better able to anticipate their strategies.

- Check public filings: Companies are obliged to disclose various pieces of information to government agencies. Such disclosures are required to undertake public offerings, receive building permits and register for patents or trademarks among other things. Many of those filings are public record and contain information about the company's goals, strategies and technologies.

Gathering information about your competitors will show you where you lag in the competition stakes and can suggest ways in which your company can match, and beat, them.

Upcoming Seminars

Watch our website for updated details on the following events:

Positioning Your Business For The Recovery Seminar

Milford Double Tree Hotel
October 27th, 4:00 PM
and

Framingham Sheraton Tara Hotel
November 18th, 9:00 AM

Sponsored by the Worcester Business Journal and Presented by Terence J. Shepherd, CPA, MST

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Comments? Changes?

We all want to improve what doesn't work...but we need YOUR help! Share your improvement ideas and topics you would like to read in future issues with:

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