



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

Autumn 2010

Grow your Business

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And The Beat Goes On...

In our last issue, we focused on the need for a business plan and how to create one. In this issue we continue the planning theme with additional suggestions you should consider in building and updating your business plan.

But what about you, the business owner? Do you have a plan for the remainder of your working life? For your retirement? For your family after you're gone? Will the financial resources you've accumulated to date and those to be reaped through execution of your business plan be sufficient to achieve your non-business objectives? And have you established the mechanisms to execute those non-business objectives in case you are not around? If you answered "no" to these questions, are you prepared to tell your loved ones "sorry"?

Like your business, you need a personal plan. And in the case of a business owner, the business and personal plans are tightly knitted together. You owe it to your family, your business, and yourself to create one.

And so the beat goes on: plan, execute, assess, update plan, execute, assess, update plan, execute, assess ...

Joseph Vajda, MBA
Editor

Good Financial Planning Means Never Having To Say Sorry

Even talented and successful entrepreneurs may concentrate so intensely on their business that they neglect their personal financial planning. They save little money outside their business, have only a modest retirement benefits package plan and carry insufficient insurance to cover any hiatus in the business' income generation activity. Sooner or later, these people find themselves regretting their lack of foresight. Good financial planning means never having to say "Sorry".

Never have to say sorry: to your spouse

Your spouse has probably provided a considerable in-

put to the success of your business, either as business partner or as family mainstay and emotional supporter. What plans do you have in mind to reward them, and yourself, come retirement time? Will you be able to fund your dreams?

As a business owner, the first act of your retirement planning should be to open an individual retirement account. A good scheme will offer safety, a good rate of interest, compounding (interest reinvestment to generate further earnings) and tax concessions. In the right circumstances a spousal retirement savings plan, one owned by your partner but to which you make the contributions, allows you to split your income after retirement and reduce taxes by paying on two relatively low rates instead of one high one. To reap the optimum benefit from a retirement saving plan start contributing early and make regular payments. It's fine to lead an affluent lifestyle while you are working, but it's also necessary to consider the retirement years. Build the contributions into your regular expenses by arranging an automatic withdrawal each month so you don't find yourself short of income in retirement, or having to work on and on into your later years.

Never have to say sorry: to your heirs

OK, you won't be around to actually apologize when the will is read, but probably one of the things you are working for is to achieve some financial security for your heirs. You don't want to disappoint them even if you aren't there to say "Sorry, I didn't plan that too well". Proper estate planning is the key to controlling your assets and not leaving your heirs in a financial quandary, but to be effective it requires your lifetime participation. The money saving and tax minimization opportunities that can be utilized for your heirs' benefit will be limited unless you have laid the groundwork planning from earlier on in your lifetime so as to achieve the outcome you want.

A carefully thought-out estate plan will ensure you pass on your wealth to whomever you want to receive it in a way that avoids delay and minimizes asset shrinkage due to probate costs and estate tax.

Never have to say sorry: to your business

Another critical aspect of financial planning and your small business is using various types of insurance to protect it. The variety is exhaustive, and funding insurance for every contingency is probably prohibitive, but some may be more relevant to a particular business than others. Among the more common types are: liability insurance; property insurance; business interruption insurance (to cover lost income and overhead expenses when a business must temporarily close its doors due to a covered disaster); life and disability insurance; and key person insurance (to minimize the financial disruptions in the event of the death or incapacitation of someone who is critical to your business).

Boiled down to the essentials, financial planning is about two things - accumulating wealth and protecting it. Doing it properly may mean seeking advice from specialists in a variety of different fields, but a good starting point is someone with an overall understanding of the big picture, such as your accountant. As a small business owner it's important for your long term personal financial success to take advantage of the variety of financial planning instruments that apply in the small to medium business context.

The professionals at Shepherd & Goldstein and its affiliates, SG Wealth Management Group LLC and ROCG Shepherd & Goldstein Consulting Group LLC, can assist you in analyzing your future financial needs and in constructing a plan to meet your personal financial objectives.

Are You On Top Of Your Competitors?

Here's a list of questions that every business manager should be able to answer with an unqualified 'yes'. They relate largely to the fundamental need of identifying and understanding your competition, and if you find yourself giving a 'no' answer to any of them it means you could be short of valuable information that would provide you with a competitive advantage.

- Do you know who your competitors are? Do you know where they are and how big they are? Would you be aware if any new competitors entered your market?
- Do you regularly monitor your competitors' advertising and promotions by looking for their advertisements, visiting their premises and looking at their websites?
- Do you talk to your suppliers about your competitors and gather information about what they're buying and what quantities they purchase?
- Do you encourage your employees to keep an eye on marketing activity by your competitors and pass any good ideas on to you?
- Do you keep up to date with technological developments in your field and will you know if your competitors adopt new technology into their business?
- Do you know the statistics of your marketplace - what your share of market is and what market share is held by each of your major competitors?
- Have you conducted a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis on your business? Are you prepared to deal with any competitive threats that might be identified?
- Do you know what opportunities exist for you to grow your business - either by taking business away from your competitors or by expanding into new market areas?
- Do you know what is happening in the legislative environment that might affect your operations such as new laws relating to workplace safety or product standards that could pose a threat to you or mean that you will have to change the way you conduct your business?
- Do you regularly research your products against those of your competitors? Are you able to respond quickly if you find your product offers fewer features and benefits or needs improvement?

Every business should have an up-to-date and functional business plan. It will tell you where the business is going and how it's going to get there. It will focus the efforts of you, your management and the rest of your team on the drivers that will bring you what you want from the business. It is, in other words, a map to the future of your enterprise.

Finding Business Opportunity In Trends

Ultimately, analyzing trends is a vital part of the sustainability of your business. What trends are impacting your business today? One of the toughest challenges for many business owners is to not miss a great opportunity through being caught up in the day-to-day demands of running the business. In times of rapid change it's more than just useful, it's vital to sit back and consider how certain trends may impact your business.

Think of the way e-books are impacting on hard print publications for bookstore owners to appreciate what we mean about how important it is to look at trends.

Have you done a PEST check?

Start by setting some time aside for a bit of PEST analysis (yes, it really is called this, although it's full official name is PESTLE analysis). This stands for a 'Political, Economic, Social, Technological, Legal and Environmental' analysis of the factors that may affect your business - not just in the current climate but also in the future.

More positively, it's about looking for opportunities in those trends that are going to affect your industry and the way you do business.

Let's have a look at how you can analyze trends that may impact your business.

1. Be objective

Keep an open mind. It's sometimes hard to step back when your industry or business has operated in a particular way for a long time, but there's no guarantee that's going to be the way of the future. Be open to the idea that your industry may change considerably. And it may change soon! This is where a 'Business Diagnostic And Performance Review' with your RAN ONE accountant could really help by scanning the wider environment as it relates specifically to your industry.

2. Network with people from other industries

Make opportunities to talk to people who run different types of businesses. Of course it makes sense to attend industry specific networking events, but then your perspective is only from one side. When you talk to people in other industries, you'll gain an insight into how certain trends affect their specific business - and this could shed light on new ways of looking at your own. Talk with your accountant who has clients across many industries. They might be able to share some information about what they see happening.

3. Analyze your data for patterns

Analyze the data you have collected in the course of running your business and look for patterns. With regard to sales for instance, are they seasonal? Does business boom during the school holiday periods? Is there always a rush between 4pm and 5pm? This can help you plan the use of your resources more effectively and also target your marketing campaigns based on certain trends.

4. Check what is going on in other regions

Many a great business idea has been gleaned from

cross border markets. A quick way to begin is with internet research, but even questioning friends who've travelled recently can offer you insights. But there's nothing like visiting another state or region and 'mystery shopping' at a business that's considered to be a leader in your field. A side benefit is that you also get to experience their business from the customer viewpoint, which will provide useful knowledge when developing ideas for your own customer service.

The Next Great Wave of Innovation— Succeeding Through Turmoil

How do you see change—as a threat or an opportunity?

Our industries, our society and even our planet are in a state of flux as we struggle to come to terms with turbulent economies, dwindling resources and a changing climate. In *The Sixth Wave*, a book on business and innovation, authors Moody and Nogrady predict that we are on the cusp of the next great wave of change for the future. They also demonstrate that periods of change in history have always been the time when the greatest opportunities exist for the introduction of new technologies, new products and services, and for inspired ideas about whole new ways of doing things.

If you see change as a threat, you're taking a "glass-half empty" perspective. You probably say, "I can't keep up with this constant technological innovation. There's something new to learn every week. It's like I never left high school!" You'll be annoyed whenever there's a new trend in management. You'll wince whenever you hear of competitors introducing new business processes. You'll see change as the slings and arrows of business misfortune.

On the other hand, if you see change as an opportunity, you're taking a "glass-half full" perspective. You are likely to think, "Every time there's a change, new niches open up for me." You know that some of your competitors will be slow to adapt and you'll be the first to step in and relieve them of a few customers. You'll say to yourself, "I'm a small business. I have a small, flexible and effective team. Adaptability is my middle name. We're the can-do people!"

While your larger competitors need to look ahead a year or more, you'll change focus much more quickly.

An Important Message

While every effort has been made to provide valuable, useful information in this publication, Shepherd & Goldstein and any related suppliers or associated companies accept no responsibility or any form of liability from reliance upon or use of its contents. Any suggestions should be considered carefully within your own particular circumstances, as they are intended as general information only.

If you're a manufacturer, you have smaller production runs, so you can customize to suit the needs of particular customers. Customers can reach you much more easily than they can a CEO of a large corporation - you're responsive.

You look ahead with anticipation, not with anxiety. You think, "Well, some of my products are nearing the end of their life cycle. What's the next big thing? How can I surprise and delight my loyal customers with something that they don't even realize they want?"

If you take this attitude, business will become more of a game than a chore. You'll feel freer to think creatively. And you'll try to communicate this attitude to your team. You'll do so with a frank and open management style, because honesty is the best way to help people manage change. Fear of the unknown is one of the greatest impedi-

ments to change in the workplace.

You can also get people to feel positive about change by empowering your workforce. Reward people who have good and innovative ideas and let them have a say in implementing them. Offer both praise and monetary rewards for innovation.

So, in this time of transformation, stay alert and keep well informed. Look out for the winds of change. Seek advice. A Business Diagnostic and Performance Review with your RAN ONE accountant might be a good way to help you scan the external environment for changes in the industry that could sooner or later have an impact on your business, as well as analyze the internal operational strengths/weaknesses of your business as part of the process. Yes, it may mean major change for your business, but the way to look at that change is to see it as the opportunity for growth and improvement.

Worcester • West Yarmouth • Framingham • Milford

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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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