Bookkeeping Tips for the Small Business Owner
Forecasting and Yes if – No but Negotiating

Compilation of tips and strategies based, first, on the personal businesses and life experiences of the presenter's 60 + years in business; plus other items discovered through Internet research of hundreds of articles from other contributors. Presented by: Steve Carver, Fast Forward Services, Inc. Email: stvcarv@aol.com, Telephone: 919.902.0522,

WEEK 6 COACH STEVE's ENTREPRENUER'S BOOT CAMP

DRILL – SKILLS

1. A great business plan will help you avoid unexpected pitfalls and expenses and tell you…………………………… What's Left!
2. A great marketing plan will provide you "the golden egg – sell"

   And golden goose when you know ………………. What's Next!

3. Three types of marketable profit centers are

a. new customers/daily.

b. traffic builders, repeat continuous business at higher margins.

c. big ticket / grouped product-service sells.

4. RFC is Raving Fan Customer
5. NDCP is No Demand Change Plan
6. ABCD is Always be Connecting Dots
7. By the Way is password to UP-SALES and CROSS-SALES and Stacking Profits.
8. 3 important rules for catching fish are 1, 2, and 3.

   Keep fresh bait in the water.

   Catch customers: Keeps sending continuous promotions.

9. The best way to find customers is _______. Help them find you.
10. Our business cannot be all things for all people.

    However, it must be EVERYTHING to some people. _
11. Do not plan to pay off long term debts with short term cash flow. Why?
    You'll go broke very quickly.

12. What is the difference in marketing and advertising?
    Marketing: Long term, Big picture. Advertising: Targeted, short term.
13. Who is your toughest, meanest, strongest competitor? You and your Distractions.
14. What skill is needed to fight that competitor? Setting and achieving PRIORTIES.
15. Define Fair Market Value. The price in terms of money that a property will bring if exposed on the open market, between a willing seller and a willing buyer, neither under any pressure and both of whom are fully informed of all the uses, advantages and disadvantages of the property.

16. What is L and H advertising? The Look and the Hook.
    Ads must look great and included a "Call to Action" hook.
17. Define: Positive Cash Flow? When a potential buyer enters your space
    with readily available money to spend.
    Define: Negative Cash Flow? When that same potential buyer leaves your space
    without spending money with you.

18. Explain the "Take It or Leave It." Merchandising messaging mistake.
    When your merchandising pricing does not encourage negotiating or any options
    for the shopper.
19. Explain: The THREE TIMES RULE when pricing products and services?
    Start pricing considerations at three times your cost. Then compare to current
    Market. Then adjust as needed.
20. Explain: the 27 TIMES RULE when planning a targeted advertising campaign.
    A shopper needs to see your marketing presentations 9 times before they'll consider you as
    "Credible" and consider awarding 'big ticket" business to you.
    Shoppers will miss seeing your best placed ads 2 out of 3 times.
    9 x 3 = 27. Therefore, when planning an ad campaign, make sure you have peppered
    The target region/area/group with more than 27 small "introductory" marketing efforts.

21 "YES, if – NO, but" Negotiating. Keeps the shopper talking until you can close.

22. Our # 1 most important web page is: MOBILE PAGE made for cell phone screens
23. Our # 2 most important web page is: Pages that SELL!

24 Why do customers come back? 40%: Customer Service & 60 % Hospitality.

25. When closing a sell, do your best to SEND & Read: Non-Verbal Communications.
26. Who motivates others? An Assertive Person
27. it's not how many times you are knocked down that counts.
    It's how well you get back up that really matters.
28. Will your legacy be that of a" Taker or a Giver?"
29. Which is a" good thing?" <u>Tax avoidance</u> or tax evasion?
30. Where can you get expert small business counselling and access to
    a treasure chest of resources to open doors for networking opportunities?

Right here at the Small Business Center. Make an appointment today.

BOOKKEEPING

As a businessperson, you want to be able to gauge your profit or loss on month by month, quarter by quarter, and year by year bases.

Accountant's Role

Monitor - Look over the Bookkeepers work. Monthly Totals
Annual Financial Statements Federal Tax Returns and Reports.
Officers and Stock Holders issues. **"The Big Picture – Long Term Issues."**

Bookkeeping is the process of *recording daily transactions* in a consistent way.

Bookkeeping is comprised of:

Recording financial transactions
Posting debits and credits
Producing invoices
Maintaining and balancing general ledgers, and historical accounts
Payroll services

Creating a CHART of ACCOUNTS
Breaking down each transaction.
Maintaining Journals

Searching for ***CODB.*** Cost of doing business

Example

Sells Invoice # 121216

Box of Candles. Invoice total……… $ 8.56
Item # Christ. Candle 6” x 12”

Less NC Sales Tax 7%.................... < 0.56>

Sells Revenues………………………... $ 8.00 ………………... $ 8.00

Less

Stocking cost invoice………… < $ 2.00>

Freight (incoming) …………... < 0.55>

Sales Clerk Commission 10% < 0.80>

Customer Loyalty allowance 5% < 0.40>

Targeted Advertising Campaign 6.5% < 0.52>

Cost of Sells ……………………………. < $4.27> ……….…. < $ 4.27>

Cost of Sells Percentage……………. 53%

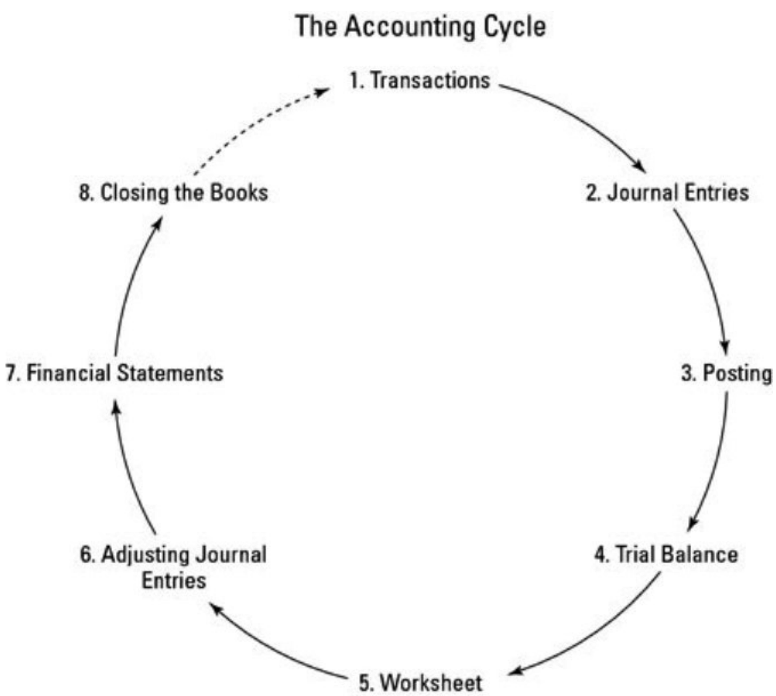
Margin (Gross Profit) …………………………………………… $ 3.73

Margin (Gross Profit) …Percentage………………………… 47%

The owner should always be searching for and comparing
date to date comparisons.

Completing payroll

Eight Steps the bookkeeper applies to every revenue invoice and every expense check. It's called a cycle because the accounting workflow is circular: entering transactions, manipulating the transactions through the accounting cycle, closing the books at the end of the accounting period, and then starting the entire cycle again for the next accounting period.



Transactions: Each invoice. Financial transactions start the process.

Journal entries: The transaction is listed in the appropriate journal, maintaining the journal's chronological order of transactions.

Posting: The transactions are posted to the account that it impacts.

Trial balance: At the end of the accounting period (which may be a day, month, quarter you calculate a trial balance.

Worksheet: **Save: This is your "Get out of Jail Pass"**
Unfortunately, many times your first calculation of the trial balance shows that the books aren't in balance. When that's the case, you find errors and make corrections called adjustments, which are tracked on a worksheet.

Adjusting journal entries: You post any corrections needed to the affected accounts once your trial balance shows the accounts will be balanced once the adjustments needed are made to the accounts. You don't need to make adjusting entries until the trial balance process is completed and all needed corrections and adjustments have been identified.

Financial statements: The balance sheet and income statement are prepared by using the corrected account balances.

Closing the books: Close the books for the revenue and expense accounts and begin the entire cycle again with **zero balances** in those accounts.

Forecasting
The journal and a calendar are the most important forecasting tools.

General management forecasting.

Inventory stocking levels to achieve.
Number of Turns goals. It is not nearly as important to have large inventory items levels as it is to Forecast the optimized number of items sells i.e. TURNS.
Actual profit is earned only after a product is sold and payments deposited.

Staffing Issues.
Writing job descriptions to suit the skills required to complete the organizational requirements.
Set type and frequency of staff training and testing.
Determining staffing levels at various times.
Time off needs of key staff members will in advance.

Cash Flow predictions
Set account receivables levels / limits.

Determining “cost of doing business” PERCENTAGES
in order to add an overhead cost factor to all products and services.
Projected accounts payables.
Cash needed for “startup” profit centers.

Maintaining adequate credit lines and/or cash reserves to take advantage of opportunities or “bail out of unexpected train wrecks.”

Risks, Exposures, Hazards

List anything you can think of that could cause substantial harm to your business.
Assign the risk to one of the categories described above, e.g. market risk, competitive risk, technology & operational risk, etc.

Suggest who might be best qualified to manage that particular risk.
Advice: **Find “Been there and done that” advisors.**

Forecasting …... Marketing, Sales
It all starts with recognizing the changes in customer demands in the market.

The goals of forecasting.

To have the right product…

At the right quality, style, quantity, size…

At the time when market demand is best and “hottest” to bring the highest retail price…

At the lowest cost price possible…

With the best risk management and most equitable liquidation options for surplus product after the market “cools.”

Enhance *Negotiating* Skills to create better and more profitable.

Save 5 – 10 % on purchases. Keep 10% - 15% when selling.
Net income advantage = 15 % - 25%

Forecasting Successful Negotiations

Own total preparation.
Target goals pricing, terms, concessions
Introductions
Seating - positioning
Documents: “works of art”
FAQs
Bargaining range set
Road map of offers and counter-offers
List secret weapons (value added features)
Capture the Moment. Bring a little drama, be dramatic.
Bring a little suspense, steal a few seconds.
Pause, slight, but noticeable, eye movement, long silence,
Turn volume down**.**

First have-> B A T N A. **Best Alternative To a Negotiated Agreement.**

Whenever possible have a “Plan B”-> The better your BATNA the greater your power.
Example: Alternative to providing an outside sales team person a company pick up truck versus paying them more and extra salary if they’ll provide their own vehicle to perform company task.

Negotiating: First four fundamentals.

1. Do not give anything unless you are getting something in return.
2. Make “them” make the first offer and be very careful when making your first counter offer.
3. Ask: Is this your best price? Poor mouthing” tactic.
4. Do not close / stop the process.
   Yes, if. No, but. Keep talking. Keep hope. Close the deal.

21 Negotiating Ploys and Tactics.

Knowledge is power. Use it to your advantage.

1. **Flinching.**
2. **Silence.**
3. Good Cop/Bad Cop.
4. “Fait Accomplished”, Disguised / not mentioned continuous activities.
5. Divide and conquer. “Brooklyn optician”.
6. **Pending price increases. Escalator schedule and price padding.**
7. Comparisons to other offers. “Noah’s ark”.
8. Pay in Advance. “Call Girl.”
9. Bad Publicity.
10. Testing the waters. Trial Balloon.
11. End Run.
12. "Bait & switch.", “Just like, Russian front”
13. **“Get their eye off the ball.” Red Herring.**
14. Blow Up – Temper Flare.
15. Faking identity and authority.
16. **The Higher or Limited Authority.**
17. Delay and fear of deadlock.

18. Nibbling.
19. Splitting the Difference.
20. Burst the Bubble Advance "low ball" offers
21. Show me the cash.

Buying signals.

Assumptive ownership. Issuing instruction for delivery.
Concentrated attention to buying details. Disappointment at lead time for possession.

Wrap it up quickly.

Have ALL your paperwork ready with witnesses and seals.
Collect signatures, deposit checks, down payments.
Congratulate them on their bargaining skills and let them know that you were less than successful................ Then Shut and leave ASAP.

Legacy of great negotiators.

Successful because **"Mr. Ball" bought several important ingredients** to the negotiating relationship and table **every time** he wanted to purchase a new tractor.

1. He was a **serious shopper** and didn't waist anyone's time.
2. He bought the **cash resources** to back up any offer he made.
3. He had earned a reputation of 100% **trust worthiness.**
4. When he spoke, **you had to listen carefully.** That's why he almost whispered.
5. He had **established historical pattern** that allowed the negotiating partner to forecast how the offers and counter could be staged in a manner to end up at a win-win pricing point.
6. If you were successful finding common ground with "Mr. Ball" and lived up to your end of the bargain in every respect, **he would give you many, many first opportunities** to sell to him for years to come.

THANK YOU

Anthony Steven Carver.. "Coach Steve", President

Fast Forward Services, Inc. DBA 360 Business Training and Consulting.

Email: stvcarv@aol.com Phone 919 902-0522

Disclaimer.... Summarized Free Advice

The information offered here is **general in nature**, based on years of small business experiences and observations and interactions with many thousand entrepreneurs when presenting over eight hundred seminars and helping hundreds to start new businesses over a fifty-year period of time.

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Respectfully submitted with Best Wishes,

Anthony Steven Carver