



## The One Piece of Paper That Drives Your Business

Imagine lying on the beach, soaking up the rays knowing that when you get back to the hotel there will be one sheet faxed to you that will enable you to know – at a glance – how your company is performing while you are away on vacation. If you are like many busy entrepreneurs who know all too well the reams of paper that fly through your office at any given time, take heart. This could be your reality.

When you step behind the wheel of your car, all the vital information is right in front of you. Indicators of speed, fuel consumption, oil level, temperature gauge and RPMs allow you to avoid unnecessary disasters such as running out of fuel, overheating the engine or stripping out the gears.

Other information allows you to plan for the short- or long-term future. You check the odometer to plan for buying your next car and rely on your maintenance records to ensure you maximize the care of your investment.

Your business is much like your car. And, like a car, all the information you need to keep it humming like a top race car can be condensed down to one sheet of paper. As the driver of your business, what information do you rely on a daily basis to drive your business?

For decades, business owners have accepted that the mountains of paper that stream into their offices are required to stay on top of their businesses' performance. Now, we know that this is simply not true. Success leaves clues and those clues are found in your company's Key Performance Indicators (KPIs).

These indicators allow you to know how well your business is doing – at a glance. This means, that one sheet of paper can help you drive your business more profitably and efficiently than actually wading through every figure in your financials. In essence, these indicators and performance drivers allow you to know which areas need attention, which areas are running at top performance and what you can do to maximize your resources to attend to both. Of course, like the odometer on your car, the historical documentation you currently are managing still offers you valuable information for other decisions you may make, including selling or planning for succession.

Each business, regardless of the industry, has a unique set of key performance indicators (KPIs) that allow business owners and executives to strategically manage the company's operations. In today's fast-paced business world, it's critical to leverage your time whenever possible. If you could look at one sheet of paper each day and know – without a question of doubt – what needed to be tweaked to improve performance, would you?

In short, this one sheet of paper – also called a "Performance Dashboard" (much like the dashboard on your car) – allows you to put the power of performance to work for you. You can easily pinpoint trends, evaluate available options, determine solutions and maximize your opportunities. You will quickly become proactive and, with strategic action, you can realize vast improvements in performance.

CFO

Plus LLC

Partners In Growth

*Our mission is to provide information and strategies to business owners and managers for improvement in the effectiveness of its business management so that key objectives can be realized.*

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## The One Piece of Paper That Drives Your Business (cont.)

An effective dashboard condenses information into an easy-to-use format. It offers information in a way that is meaningful to you, the business owner, and connects to other information that can be used for short- and long-term planning. Some other items that may be on a typical dashboard, include:

- Revenue & Gross Profit for the last three years and rate of change for each.
- Revenue & Gross Profit to date and current month.
- Projected revenue for the remainder of the year.
- Revenue per employee and corresponding headcount.
- Average \$ sale (historical versus current).
- # of active customers, # of new customers & # of lost customers.
- # of customer leads and conversion rates (historical versus current).
- Net working capital (historical versus current period).

By developing a customized dashboard, you can rev your engine only in the areas where it will be most beneficial. To learn more about building your one-page dashboard, give us a call today. We can put you on the road to increased performance!



## Grow By Referral

As any successful entrepreneur or professional understands, it's not only what you know, but who you know that drives your success. Gaining referrals is a logical step for many people who want to move their businesses to the next level. Referrals are often a critical component of most companies' sales and marketing programs.

Recently, I talked to a new sales professional that played everything by the book. From greeting the prospect with warmth and heart to asking each one for at least three names of individuals he or she thought might be interested in learning about the services she offers. While the prospect she met with did not buy her services, one of the three individuals that prospect gave her did. This Sales 101 tactic paid off handsomely with a one million dollar deal in less than a week.

While we are not here to say you will earn a million dollar deal inside of seven days, it's important to keep referral basics in mind when you want to add to the bottom line.

**Follow the Golden Rule.** Do unto others as you would have them do unto you. When it comes to referrals, it is important to reciprocate the gesture, but keep in mind that quality is just as important as quantity. Just as you would not like to waste time with a poor prospect for your business, don't fall into the trap of referring for referral's sake. Take your time and learn what a good prospect is and then be diligent about referring those people to your contacts.

**Get creative.** Each person is motivated by different things. While a "finder's fee" is motivating for one person, a sincere "thank you" may be just as motivating for another. Think of creative ways to encourage colleagues to refer business to you. From posting a list of referrals in the lobby of your office to printing them in your newsletter, creative ways to encourage referrals are abound. These types of tactics work because they remind others that you welcome referrals and that you reward their actions by publicly thanking them.

**Be sincere and appreciative.** A handwritten note or a personalized email can be just as sincere as a thoughtful phone call. Sincerity shines through in the smallest of gestures. When thanking others for their referrals, be sure to ask what you can do for them in return. More often than not, the person asks for nothing in return, but generally will not forget that you asked.

**Ask and ye shall receive.** Sometimes people have no idea you are looking for more business. As crazy as this sounds, it is true. Most business owners who actively ask for referrals, receive them. One way to keep referrals front and center is to put a referral plea on the back of your business card. Another way is to thank people for referrals by printing it on your letters. A simple statement such as, "We appreciate your referrals" is all it takes to convey your message.

**Deliver value.** The best time to ask for a referral is when you are delivering value to your client. Ask the client if they are happy with the service or product you have provided, and then follow up by asking if they know two or three people who like them, would appreciate the way you've delivered on your service promise.

**Make an offer.** Some companies send thank you gifts such as wine baskets or company clothing. Others offer free services, free product or other extended services for referrals. Do what fits your company and referral sources best.

Referrals are one of the easiest ways to tap into your loyal customer base. Put your creative thinking cap on to garner the referrals you deserve!

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## Plan Now to Take Advantage of 2004 Tax Breaks

Ever since the May 2003 tax legislation hit the airwaves, it seems that most business owners have been obsessed about whether or not to buy a heavy vehicle (to take advantage of the full tax break, the vehicle must weigh more than 6,000 pounds). With the new tax laws, it is more important than ever to plan to take advantage of tax breaks. Some of the changes in the law bear a Cinderella-like quality in that they revert back to previous limits.

Here, we cover some of the more general time guidelines on tax planning issues, but there are many more to consider, so be sure to call your accounting advisor to discuss your plan of action. Use this list to begin implementing tax-saving strategies that will contribute to minimizing your tax bill.

- **Put appropriate retirement vehicles in place.** For sole proprietors, a fairly new retirement vehicle called a sole 401(k) offers a place to build a nest egg while also offering a soft place to land should you need to borrow against the funds. Different than a Simplified Employee Pension, the sole 401(k) allows owners to divert much more than a SEP. There are distinct limitations on who qualifies for a sole 401(k), but for those who qualify, this can be a beneficial way to save for retirement.
- **Selecting the best entity for your business.** Create your multiple-member LLC or corporation prior to the beginning of your business's tax year in order to take advantage of your selected form of business organization for the entire tax year. If you wish for your business corporation to be taxed as an S corporation, make that election anytime during the tax year prior to the year the S election is to begin, or by the 15th day of the third month of the tax year to which the election is to apply. Note: There are extension rules, but they are not automatic, so make your election on time!
- **Put capital equipment into service for maximum tax savings.** In order for capital equipment to be eligible as a tax deduction (either using depreciation and/or Section 179 tax laws), you must purchase and place the equipment into service in your business prior to the end of the tax year. So, to take advantage of saving on your 2004 taxes, purchase equipment by December 31, 2004.
- **Put your kids to work.** Many business owners realize they can pay their children to work for the business, but many try to pay their kids a lump sum at tax year end. The best way to hire children is to hire and pay them throughout the year, as money is earned. Pay your children when they perform legitimate work in your business. If you planned on giving them money anyway, this is a great way to give them wages that are tax-deductible to your business, tax-free to them (up to the \$4,750 standard deduction), and you still get to claim your children as dependents on your personal income tax return.
- **Take advantage of funding options for retirement plans.** In some instances, you can gain another nine months to fund your prior year's retirement plan. For instance, if you want to put \$8,000 in a SEP, you have until the individual tax return filing deadline to fund this. That means you could designate the \$8,000 for the prior year's tax return and not pay the \$8,000 until October 15 of the current year, which is the same time you would file your individual tax return. This does not mean that you can avoid paying Uncle Sam on April 15 if you have a tax liability. Keep in mind that if you have a tax refund due, you will not receive it until you file your tax return.
- **Make required business estimated tax payments on time.** Despite minimizing your overall tax burden, you still need to ensure that you make quarterly estimated tax payments on time. It doesn't make sense to spend time saving money only to pay more in the form of penalties.

In addition to business tax planning, company owners also have a myriad of individual tax breaks to consider as well. If you aren't sure where to start for 2004, call us today and we will put you in touch with a tax planning consultant that can help minimize this year's tax liability.



## The Art of Delegation

Every person from every walk of life has 24 hours in a day to accomplish all that he or she can. As any successful entrepreneur or executive will attest, the art of delegation can dramatically increase productivity at the most critical level.

While most business owners and executives know they should spend time in areas that will deliver maximum return on invested time to business operations, many of the most well-intentioned people wind up focusing on what is priority – not what actually improves profits or productivity.

This syndrome of working “in” your business rather than working “on” your business is common, yet there are many ways to proactively take charge of your time. One is learning to systematically delegate tasks that can be performed by someone other than the chief decision maker.

The art of delegation follows these eight steps:

- 1. Eliminate before you delegate.** Some tasks are not necessary. Before making your list of tasks to delegate, make a list of those you can eliminate entirely. For instance, if you are filing paper documents that you have electronically filed elsewhere, and these paper documents are not required for legal reasons, you may be better off eliminating this task.
- 2. Plan your delegation.** Make a list of routine tasks that do not gain value by you performing it. Easy tasks often stay on busy owner and executive desks because they are quick and easy perform. Systematically delegate to-do items with your overall schedule in mind. Do not to haphazardly give out tasks without knowing what you hope to achieve from delegating these duties.
- 3. Set realistic standards.** Not everything has to be performed 100 percent perfectly. While your standard may be very high, consider a lower, yet acceptable standard for tasks that can be performed by others. For instance, if you can perform a task in 15 minutes, but it takes another person 20 minutes to do the same task and the result is the same, is your time better spent elsewhere?
- 4. Assume others enjoy responsibility.** Many high-achievers assume that others do not enjoy taking on added responsibility or that others simply will not take the job seriously. In many instances, this thinking is not true. Look for others who perform their duties with a similar work ethic and begin delegating appropriate tasks.
- 5. Set clear expectations.** Once you’ve identified a person you trust with task(s), be sure to be clear in your communication of what your desired outcome is. People often want to succeed, yet when left to their own judgment can fall short of your vision.
- 6. Let freedom ring.** While you may have been doing a task for many years, a fresh perspective may offer a faster solution or a new insight on an old issue. Give those that you delegate to the freedom to offer solutions that may save your company time and/or money.
- 7. Pay the price.** Invest short-term time in training to gain a long-term increase in productivity. While there are associated opportunity costs related to delegation, the long-term payoff can significantly pay you back.
- 8. Know your role.** Delegation means that others will take duties from you to perform, but it doesn't mean that they assume full responsibility without some type of follow-up. Continue to manage the process at arm's length and allow all parties to do their share of the work.

When it comes to delegation, keep your eye on the real prize. The ultimate goal of delegation is to free up more time for you to spend on higher level activities that will, ultimately, add to your bottom line. If delegation means improving processes to make it easier for all involved, consider the big picture before making your final decision. As performance management professionals, we can help streamline processes for improved productivity and profits. Give us a call today to make 2004 your best year yet.

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## Economy Not Treating You Well?

### 10 Recession-Defying Tactics to Put You Back on Top

By Michael E. Gerber

#### Define Your Strategic Objective

Define your vision of the business as it must be in order to achieve your Primary Aim — your vision of what the purpose of your life is. Your business should serve this vision. Your Strategic Objective is a statement of what the business will look like when it's done. It is this vision that will keep you focused

#### Define the Results You Want

A good economy offers some slack. In a shrinking economy, the fundamental questions don't change, but your intensity of focus must increase. You must have clearly defined results to keep you on track.

#### Engage in Strategic Work

Getting the results you want through other people is key. Strategic Work is most critical during times of recession because your business must operate at peak efficiency.

#### Systems, Systems, Systems

Establish and implement systems for every aspect of your business. Especially important in times of recession are systems for comprehensive financial reporting. These will enable you to make wise decisions regarding cash flow, and to avoid reckless spending.

#### Quantify Everything

You must thoroughly understand the exact, quantified impact every system, process, initiative and innovation will have on your business. How many new clients do you need to cover losses? What can you do to trim variable expenses? Is every product a viable income-producer? Evaluate every aspect of your business in terms of the contribution to the income and value of your company.

#### Client Acquisition

Make sure you know exactly who your customers are. Find the answers to the following questions too, and act upon that information: What is your product in the eyes of your customers? Are your Client Acquisition (Marketing) methods consistently effective on a daily basis? How can you more efficiently communicate your message to more of your Target Market? Where can you strengthen your follow-through with your aftermarket and referral programs?

#### Client Fulfillment

Remove or find ways around any barriers preventing your customers from getting what they need. Always keep your promises to your customers in the most cost-effective manner possible.

#### Leadership

As the owner, your leadership is pivotal. Think about what you can do as the leader of your company to foster and enhance an awareness of your vision in your employees. Consider well-structured, regularly-scheduled company meetings as a means for creating a stable and cohesive work environment.

#### Seek the Truth

Diligently dig down to the truth about your business. Now more than ever, you must think with clarity and purpose, and make the necessary adjustments to survive--even thrive--in a challenging business environment.

#### Listen, Learn, and Innovate Whenever Possible

Keep your eyes and ears open. You never know where the next great idea is going to come from. It is important that you don't let the bleak economic environment prevent you from innovating. Innovation may very well be more crucial now than ever before!

Michael Gerber is chairman and founder of E-Myth Worldwide. He reminds you that the opportunity is to go to work ON your life not IN it, and in the process to experience the sweet, radiant, extraordinary joy of the fully-lived moment. His Web site is [www.emyth.com](http://www.emyth.com).