



# NECOG Development Corporation

RLF Quarterly Newsletter

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## Marketing Thoughts

You've a great product, but don't feel like it is getting its market share. Here are some ideas to assist you in marketing your product.

**1. Commitment.** Are you dedicated to your business and/or product? If you are not, others will not buy in to what you are selling. True passion will be evident to others and will heighten their interest. If you truly believe in what you have to offer, others will also believe.

**2. Self-evaluation.** Do an honest review of your product. Get help if you can't do it alone. Now choose two or three words that best describe or express your product. Use these "key words" when visiting with others about your product.

**3. Educate.** You need to be able to teach people the benefit of your product. Make it easy for them to receive or look up additional information if they want to learn more. Practice telling your story in an informative manner. No one wants to hear you boast, don't appear to be all-knowing.

**4. Modeling.** Do you use your own product? Showing others not only the benefit, but how you use your product is extremely beneficial.

**5. Promotional Items.** Always carry business card, but don't stop there. Create some marketing items such as pens, magnets, or coupons. Provide something to everyone. Don't limit yourself. Is there something unique that you could do with your product.

**6. Customer Service.** Smile, be friendly, and don't forget to say "Thank You" to every customer. It doesn't matter the size of their

purchase or if they even purchased anything. Everyone remembers great and bad customer service and don't think they keep this to themselves. Which one would you rather have your business known for? Also remember that great customer service starts at the top with the owner. ◆

## Marketing Ideas for Retailers

*Abbreviated from the article 50 Marketing Ideas for Retailers by Shari Waters, About.com Guide.*

- Create promotion materials with your info
- Put product/service on back of business card
- Always carry and freely pass out your card
- Join an association related to your business and your Chamber of Commerce
- Have a drawing for a product or gift certificate. Use forms to gather addresses
- Develop a brochure
- Conduct clinics about a product or service.
- Print a tagline for your business letterhead, marketing materials, and invoices
- Develop a website with a memorable URL
- Include customer testimonials in your marketing materials and website
- Promote yourself as an expert by writing articles or tips on topics on your industry
- Host after-hours gatherings
- Provide free shirts to employees with your logo for them to wear
- Create a press kit and keep it current
- Use an answering machine and include basic info on hours, location, website, etc.
- Place ads in local publications
- Advertise in creative locations, athletic venues, park benches, etc.
- Improve your building signage
- Volunteer for local events
- Donate your product for charity events

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## THE IMPORTANCE OF GOOD RECORD KEEPING

**Your Key to Success is Information.** Think back to the steps you went through to open your business. From the start, you've done everything right. You invested a tremendous amount of time in gathering information about your abilities, finances, market, customers and competitors. You understood why you wanted to go into business – the opportunity to be your own boss, a desire for financial independence, the freedom to set your own course.

**What Went Wrong?** While it's true that success often bring success, it's equally true that success often breeds failure particularly for a small business. That's because as a business begins to grow rapidly, the owners often work frantically to simply meet demand, minimizing the time they devote to keeping good records.

If escaping paperwork was one of your reasons for starting a business, it is critical that you hire someone to perform the necessary task of keeping you financial records. Although you must pay for these services, bear in mind that solid financial advice frequently can increase your profits, more than covering the professional fees.

Good records will help you answer important questions about your company's financial health. What's really happening in my business? Why is cash flow always a problem? How much is teal profit anyway? If you're not exactly sure, then it's time to return to the basics – the basics of good record keeping.

**Why?** Simply put, a small business that fails to keep complete and accurate financial records places its long-term success and survival in grave doubt.

1. Good records provide the financial data that helps you operate more efficiently, thus increasing your profitability. Accurate and complete records enable you, or your accountant, to identify all your business assets, liabilities, income and expenses.

2. Good records are essential for the preparation of current financial statements, such as the income statement (profit and loss) and cash-flow projection. These statements, in turn, are critical for maintaining good relations with your banker. They also present a complete picture of your total business operation, which will benefit you as well.

3. Good records are critical at tax time. Poor records could cause you to underpay or overpay your taxes. In addition, good records are essential during an IRS audit, if you hope to answer questions accurately and to their satisfaction.

### What Exactly Will the Records Tell You?

- How much income are you generating now, and how much income can you expect to generate in the future?
- How much cash is tied up in accounts receivable (and thus nor available to you) and for how long?
- How much do you owe for merchandise? Rent? Utilities? Equipment?
- What are your expenses, including payroll, payroll taxes, merchandise, advertising, equipment and facilities maintenance, and benefit plans for yourself and employees (such as health insurance, retirement, etc.)?
- How much cash do you have on hand? How much is tied up in inventory? What is your actual working-capital budget?
- How frequently do you turn over inventory?
- Which of your products is making a profit, breaking even, and are financial drains?
- What is your gross profit? What is your net profit?
- How do all of the financial data listed above compare to last year – last quarter? How do you compare to the projections in your business plan?

While your review of this checklist may have uncovered some glaring deficiencies, it's never too late to correct problems related to poor

record keeping. It may take a bit of time and effort to analyze the company checkbook, take inventory, review bank statements, and in general catch up on your paperwork. It is essential, however, that you make the effort to determine the precise financial condition of your business. It is critical as maintaining good customer relations.

**What to Look for in an Accountant.** Let's assume you follow the path of many successful entrepreneurs and seek professional assistance from an accountant. How do you find an accountant who is knowledgeable, capable and discreet? You should seek an individual with high ethical standards who is a respected member of the community.

Due to the every-changing complexities of tax laws and developments in accounting methods, the accountant must keep up. Look for an accountant who takes advantage of educational seminars, professional publications and other continuing-education opportunities. You will probably want your accountant to assist you not only as a record keeper, but also as a consultant and financial advisor who understands your business affairs almost as well as you.

The Basic System. A basic record-keeping system, whether on paper or an off-the-shelf computer software program, should be simple to use, easy to understand, reliable, accurate, consistent and designed to provide information on a timely basis. It needs:

- A basic journal to record transactions (receipts, disbursements, sales, purchases, etc.)
- Accounts receivable (what is owed to you)
- Accounts payable (what you owe)
- Payroll
- Petty Cash
- Inventory

An accountant can develop the entire system most suitable for your business needs and train you in maintaining these records on a regular basis. These records will form the basis of your financial statements and tax returns.

Without knowing where your business is financially, you may be forced to close or sell, despite an excellent customer base. You could find yourself in this trap if –

- Your cash-flow is desperate
- You are unable to pay creditors
- Too much of your cash is tied up in old inventory and accounts receivable

Sure owning a business places tremendous demands on your time. It's easy to let things slip. Resolve now to avoid the trap of letting the books wait until you are less busy...or more rested...or have time to start and finish the job all in one sitting...or... Make a pledge now to maintain your records and assure your success!

*(Source: Small Business Administration)*



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- **Cross-sell/upsell high-profit items.** In a previous column, I talked about a hardware store that created a checklist of add-on items like brushes and drop cloths for customers who bought paint. Those items helped increase the profitability of paint sales because they had higher margins.
- **Put your product mix on a diet.** Imagine you're a jewelry store with 25 percent of your inventory tied up in stock that sells once or twice a year. By getting rid of those slow-moving items, you can put the money into merchandise with the highest turnover. The same principle applies to service businesses. If you're a day spa with body wraps that attract only a handful of clients per week, put more resources into facials or other services that will keep your appointment book filled.

There are other tactics you can use, but the key is always to keep your eye on the profit prize. Remember, it's now how much you sell, but how much you earn. Otherwise, when you're out of working capital, you're out of business. If the dot-com companies of the late 90's had kept that lesson in mind, the internet bubble might never have burst.



## 5 Ways to Boost Profits

*By: Brad Sugars: Startup Basics, as published at [www.entrepreneur.com](http://www.entrepreneur.com). He is the publisher of many business books including: The Business Coach and Billionaire in Training as well as being the founder of ActionCOACH.*

One of the biggest mistakes made by startups is to confuse making sales with making money. New business owners seem to think that business is about busy-ness – that is, how many times the cash register rings. They fail to take even simple steps to ensure they earn enough to cover their costs as well as take home a healthy paycheck. Without that, you may as well be working for someone else.

Everyone who goes into business knows the need to make a profit, but somehow it gets lost in translation. People neglect to do the math to determine whether there will be money left over after they pay their bills. They promote deep discounts that cut profits to the bone. They even give services away when they shouldn't.

The first step in maximizing your margins is to take profitability into account on every policy you set and every sale you make. Second, hire an accountant who can help you see the forest (net revenues after expenses) for the trees (cash on hand). Third, keep operating costs as low as possible by justifying expenditures and outsourcing services like bookkeeping and telemarketing. A dollar saved is a dollar earned in profit.

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Next, follow a few simple rules to generate peak profits from each transaction. For example:

- **Take the high road on pricing.** Many startups think they need to undercut their competitors to bring people in the door. That's a recipe for failure. If your only appeal is a low price, there will be no reason for customers to come back to you if they find a source that's even cheaper. And you won't make the profits you need to stay in business.
- **Push high-margin products and services.** Different brands, SKUs or service offerings have different profit-making potential. Knowing the margin difference between Product A and Product B is critical for shaping your profit plan. One tire retailer I know significantly boosted his bottom line by pushing a lesser-known tire brand that had a bigger margin than the one with the household name. The dollar value of those sales was smaller, but he put more money in his pocket.
- **Dump the discounts.** I once coached a men's clothing store that regular ran a 20 percent off promotion on men's suits. If someone bought a \$500 suit, the store lost \$100 in profit. I counseled instead to give away a \$100 shirt that cost \$50. Customers perceived it as the same dollar value, but the store retained more money (and margin).

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