

TITAN TIMES NEWSLETTER

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TITAN BUSINESS DEVELOPMENT GROUP, LLC

The 5-Step Business Effectiveness Benchmarking Exercise



As business owners, we are always concerned with how we do things compared with our competition. That is an easy concept because, as owners, we are a competitive lot. We continually compare and analyze the world around us. We know exactly why our favorite football team only has a 3-3 record. Why our kid's soccer team won their division. Why one political candidate is ahead in the race.

Many business owners don't formally benchmark their businesses against their competitors. There are a variety of reasons for this but here are a few that may sound familiar.

- ◆ I don't have enough time or energy to do this myself
- ◆ It is too hard to find other businesses to benchmark with
- ◆ This sounds too expensive to get someone to help me
- ◆ I am scared of what I may find
- ◆ I will have to take my ego out of the equation
- ◆ This is only for larger businesses, it can't help me

The latest statistics published by the SBA show that 49% of businesses don't last past the first 5 years. The top three reasons cited for business failure are:

- ◆ Starting The Business For The Wrong Reasons
- ◆ Poor Management
- ◆ Lack of Capital

Benchmarking doesn't have to be expensive, involve specialists or require the cooperation of industry-leading conglomerates to be successful. The beauty of benchmarking is in the benefits that can be gained from the process itself.

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Step 1

Develop a list of key business competencies to study. By identifying most critical performance measurements, you reduce the time, effort and cost of the study. Typically these are areas within your business that you feel need improvement and are those most critical to the overall operations of the company. Select no more than 5 or 6 key competencies to begin the initial benchmarking assessment. Aren't quite sure what those are? Usually in small businesses they involve customer acquisition, gross profit percentage and cash flow.

Step 2

Identify suitable partners. These companies are usually within your industry (although not always). They should also be roughly the same size company in sales volume. Another approach is to study the process itself from a best-in-class company rather than the industry. This is sometimes easier because you don't have the issues with getting competitive intelligence. Use your networking skills to find local companies that may want to partner in a mutual benchmarking study. Using local partners increases your current network and strengthens your relationships with other businesses, thus building referral sources.

Step 3

Collect the data by use of surveys and interviews. Once you have the results, analyze the partner's strengths and compare them to your company's practices. Capture the gaps to identify areas of improvement. Develop written action plans for implementing initiatives to fill the gaps.

Step 4

Personalize the new practices so they work within your business and implement the new strategies you have learned through the benchmarking process. Track and measure the effectiveness of the new practices to ensure successful implementation.

Step 5

Keep this benchmarking methodology as a tool in your toolbox for the future. Use it on a periodic basis to take advantage of additional opportunities for business improvement.

General Year–End Activities to Prepare for Taxes

Note: The tasks cannot be entirely completed until you receive some items in January, such as the December 31st Bank Statements for reconciling.

- ◆ Bonuses or pay due?
- ◆ Benefit Plan funding?
- ◆ Cash basis taxpayers: accelerate any payments to take current year expense (such as prepay next mtg. pmt)?
- ◆ Record last payroll through 12/31
- ◆ Reconcile all bank accounts
- ◆ Reconcile all credit card accounts
- ◆ If accrual basis taxpayer – make accruals as necessary if accrual basis taxpayer
- ◆ Book depreciation and amortization *OR wait get from/wait for tax preparer to give you the #'s and enter them before closing the books
- ◆ If you carry inventory, do an inventory count and book any necessary adjustments
- ◆ Carve out Short Term vs Long Term Portions and adjust books as necessary (ex: carve out the S/T (within a year) portion of a note payable and classify as short term and remove from remaining L/T portion.
- ◆ Close the books (Note – Quickbooks has a checklist if you use it) and adjust Retained Earnings (unless the system does it automatically. Not all accounting packages do...)
- ◆ Print General Ledger (copy for company and does the accountant ask for one?)
- ◆ Print Trial Balance (copy for company and accountant)
- ◆ Print Balance Sheet (copy for company and accountant)
- ◆ Print Income Statement (copy for company and accountant)
- ◆ Print Statement of Retained Earnings / Owner's Equity
- ◆ Send Payroll provider information for 1099's that need to be issued
- ◆ Make sure Payroll provider doesn't need anything else from you for W2's
- ◆ Have conversation with accountant about any important events, changes and/or partners, etc.

Masterful Quotes

*“You don't get paid for the hour,
you get paid for the value you bring to the hour.”*

~ Jim Rohn