



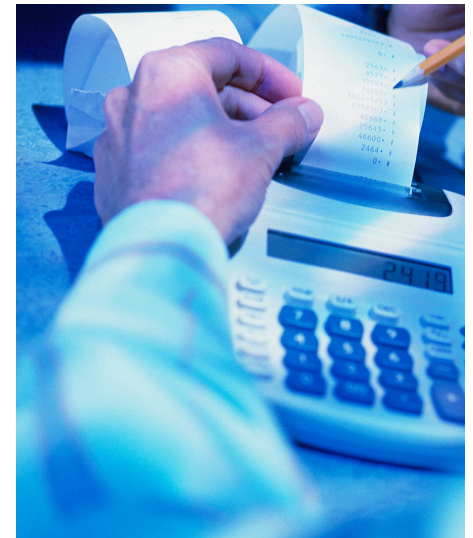
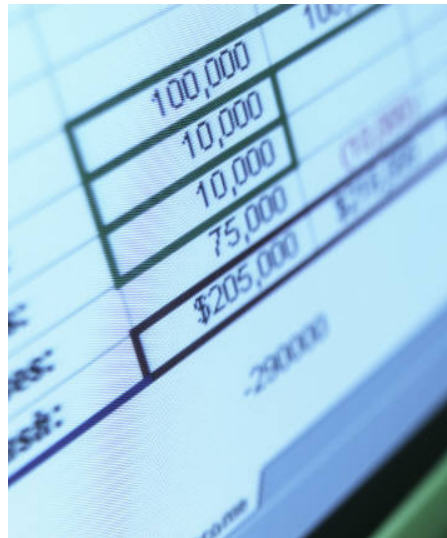
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Smart Business Brief

Advice for Success!

Build Your Business by the Numbers

You build the value of your business by *building* your business. It sounds simple, but it's hard work. One way to determine the direction of your business is by tracking the numbers that drive it.



Most business owners have the majority of their assets invested in their businesses. Put aside what you think you know, and make decisions about what you know you know. The only way to factually present where your business is going is by the numbers.

In the simplest cases owners look at their checkbook, see that checks are not bouncing, and feel their business is doing well. At the other extreme, some owners generate countless reports that they will never review (you can generate almost 200 reports in QuickBooks alone). Neither option is a good one.

The best option is to determine what numbers drive your business, and focus on and track those numbers. For all businesses, **Revenue, Cost of Sales, Overhead Cost, Income, and Short & Long Term Debt** are musts, and should be reviewed monthly. These numbers speak to the overall stability of your business.

Retail businesses must review numbers that will help in marketing, sales, inventory, and pricing, including: number of visitors, source of visitors, percentage that buy, number of items per sale, and dollar value per sale. These numbers can help you increase profit, carefully direct advertising efforts, and boost sales.

Contractors can benefit marketing, sales, estimating, pricing and management by reviewing: number of prospect contacts, source of prospect, number of proposals, number of proposals won, and cost of estimates vs. actual costs by project.

Service Providers should review number of clients, source of clients, bill rates, and billable staff pay rates and utilization to make better decisions on marketing, sales, hiring, and pricing.

No matter what your business, conducting it by the numbers that offer you the most insight will help you build value and, ultimately, to build your business.