46 Ideas to make your business a Booming Success (Part I)

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1) ARE YOU MAKING MONEY OR BUILDING A BUSINESS?

There is a difference, you know!

In fact, people that don't recognize the difference within a year after starting their business will suffer for this lack of knowledge until they do.

Let me give you an example to help you fully understand what I'm talking about.

Suppose you went out this afternoon, purchased a computer system and some start-up business software at your local Office Max. You come home -- all excited -- ready to get your new business going. (Everyone has experienced this same type of feeling.) It gives you a great exhilarated feeling to finally take the first step to making your dream become a visual reality.

This excitement continues and mounts bigger day after day. You are so totally absorbed into your new business that you start forgetting about your normal, daily life. Your wife or husband calls you to come to dinner and you say, *"In a minute."* However, your "minute" turns into three hours. (I guess, at this point, you could say that you're "hooked.")

After several weeks (or months) of this behavior, your family starts feeling very neglected. Or, if you don't have a family, perhaps your neighbor George or cousin Alisha might start feeling you are mad at them -- or whatever.

Your wife, husband, kids, neighbor George or cousin Alisha would never admit they feel "neglected" -- but the feeling is there just the same. After they have reached their tolerance level, they normally will start talking to you. They might ask, *"How's the business doing?"* You'll probably say, *"Oh, great! I think I can really make this work."*

But the very next question out of their mouths will be, *"How much money are you making?"*

That is a question that immediately STOMPS DOWN your entrepreneurial spirit. Since you haven't made any money (and because you have to answer their question), you'll probably have to swallow your pride and say something like, *"I haven't made any money yet but I'm working on something right now that should do the trick."*

Now, whether you are working on anything specific or not, you have placed an invisible (and perhaps impossible) goal for yourself. You now believe that in order for you to prove to your family, neighbor or whoever, that you are NOT a failure -- you have to show them CASH IN HAND! But . . .

Nothing Could Be Further From The Truth!

Making money and building a business are two DIFERENT things -- especially when you are just starting to build a business.

When two big corporations, for instance, decide to merge and become one, they always lose money in the first year or so. But in the third year they make more money than both companies had ever dreamed possible. It was worth the two-year loss! In fact, that's how you make money -- by investing.

Investing money is not the only way to make your business boom. Hard work and sacrifice is another way of investing. In other words, if you don't have money to invest, you have to WORK for it. Plain and simple. If you're looking for a way to have your cake and eat it too, you'll end up a fool at the short end of the stick! Promise!

I know these are NOT words you want to hear. But whether you accept them or not is your choice. My job has been done. I have revealed the truth to you and I hope you accept it as fact.

Another Example

"Loss leader" is a term used in business. It simply means selling a product (at a loss to the company) in order to make money further on down the road. All companies use this method in one form or another. It SHOULDN'T be used as your only way of marketing -- but it should play a major role.

My two-disk package, *"Immediate Business on Two Disks,"* was a loss leader for me. It costs me $2.25 to copy and mail a two-disk set that sells for $3. I only make 75 cents for my time and trouble. That's not very much. However, about 25% of the people who purchase the two-disk set turn around and order the entire disk-based series for $75.

As you can easily see, my loss leader marketing technique produced more money in the long run -- which is much more than I could have made if I was only intersted in how much money I was making -- rather than building my business.

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2) DOES YOUR COMPANY NEED A LOGO?

There is always controversy when it comes to the topic of whether your company should have a "logo" or not. Some people firmly believe that you have to have one, while others say it's not necessary at all. But who's right?

I took this question to a variety of firms that have company logos. I personally conducted a survey by asking presidents, vice presidents and owners of companies using them why a company logo was necessary to their business image.

In summary, it is NOT necessary for your business to have a company logo UNLESS your particular company is in a class that demands one. According to an article in "Income Opportunities," Jay Lander, founder of Lander Design in Metuchen, New Jersey, states: "Logos make sense for real estate firms and others who have lots of competition as well as for those with opportunities to 'show off' a logo -- on lawn signs, print advertisements, stationery and business cards. Restaurants, which typically need to distinguish themselves from the pack, put logos on matchbooks and usually carry the design on their menus."

Lander further states: "The size of an organization is not a good measure by which to decide in favor of a logo. Many businesses prod along fine without any."

What's the Real Purpose For One?

Two "real" reasons: (1) for customer identification, and (2) for prestige. Wendy's restaurant, for example, has a logo of a little red-haired girl in pigtails. If you're driving down Route 66, you normally can recognize a Wendy's restaurant several miles away because of the shape of the company's logo on their sign. Also, you don't have to read the words "McDonald's" to know it's a McDonald's restaurant. Instead, you recognize it by the golden arches.

But does a regular mail order business need one? Probably not. The reason I use the word "probably" is because a company logo is only necessary if your market demands it.

Any good business, after they have had time to grow enough to have a customer base of repeat customers, will get to know them on a more personal basis. We do this to learn our customers' needs and wants so we can sell them the proper products and services. When that time comes, as a mail order business you can make the decision whether or not to have a company logo.

How will you know? Because your dedicated customer base of repeat customers will demand it. However, if your customer base is comprised mainly of small businesses on the same level as yourself, it probably won't be necessary to have a logo.

What About Prestige?

If you want to make your company appear like a professional organization because you want to attract business from other professional organizations, it may be necessary to adapt a company logo regardless of whether you need one or not. This is called "prestige."

Established multi-level marketing firms use company logos to provide their distributors with company recognition as well as prestige. Other smaller companies use them solely because the owner believes it makes him or her appear more established in business. Whatever the reason, it basically boils down to what you want to do.

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3) How To Achieve Excellence In Sales

Most people are always striving to better themselves. It's the "American Way". For proof, check the sales figures on the number of self-improvement books sold each year. This is not a pitch for you to jump in and start selling these kinds of books, but it is a indication of people's awareness that in order to better themselves, they have to continue improving their personal selling ab abilities.

To excel in any selling situation, you must have confidence, and confidence comes, first and foremost, from knowledge. You have to know and understand yourself and your goals. You have to recognize and accept your weaknesses as well as your special talents. This requires a kind of personal honesty that not everyone is capable of exercising.

In addition to knowing yourself, you must continue learning about people. Just as with yourself, you must be caring, forgiving and laudatory with others. In any sales effort, you must accept other people as they are, not as you would like for them to be. One of the most common faults of sales people is impatience when the prospective customer is slow to understand or make a decision. The successful salesperson handles these situations the same as he would if he were asking a girl for a date, or even applying for a new job.

Learning your product, making a clear presentation to qualified prospects, and closing more sales will take a lot less time once you know your own capabilities and failings, and understand and care about the prospects you are calling upon.

Our society is predicated upon selling, and all of us are selling something all the time. We move up or stand still in direct relation to our sales efforts. Everyone is included, whether we're attempting to be a friend to a co-worker, a neighbor, or selling multi-million dollar real estate projects. Accepting these facts will enable you to understand that there is no such thing as a born salesman. Indeed, in selling, we all begin at the same starting line, and we all have the same finish line as the goal - a successful sale.

Most assuredly, anyone can sell anything to anybody. As a qualification to this statement, let us say that some things are easier to sell than others, and some people work harder at selling than others. But regardless of what you're selling, or even how you're attempting to sell it, the odds are in your favor. If you make your presentation to enough people, you'll find a buyer. The problem with most people seems to be in making contact - getting their sales presentation seen by, read by, or heard by enough people. But this really shouldn't be a problem, as we'll explain later. There is a problem of impatience, but this too can be harnessed to work in the salesperson's favor.

We have established that we're all sales people in one way or another. So whether we're attempting to move up from forklift driver to warehouse manager, waitress to hostess, salesman to sales manager or from mail order dealer to president of the largest sales organization in the world, it's vitally important that we continue learning.

Getting up out of bed in the morning; doing what has to be done in order to sell more units of your product; keeping records, updating your materials; planning the direction of further sales efforts; and all the while increasing your own knowledge---all this very definitely requires a great deal of personal motivation, discipline, and energy. But then the rewards can be beyond your wildest dreams, for make no mistake about it, the selling profession is the highest paid occupation in the world!

Selling is challenging. It demands the utmost of your creativity and innovative thinking. The more success you want, and the more dedicated you are to achieving your goals, the more you'll sell. Hundreds of people the world over become millionaires each month through selling. Many of them were flat broke and unable to find a "regular" job when they began their selling careers. Yet they've done it, and you can do it too!

Remember, it's the surest way to all the wealth you could ever want. You get paid according to your own efforts, skill, and knowledge of people. If you're ready to become rich, then think seriously about selling a product or service (preferably something exclusively yours) - something that you "pull out of your brain"; something that you write, manufacture or produce for the benefit of other people. But failing this, the want ads are full of opportunities for ambitious sales people. You can start there, study, learn from experience, and watch for the chance that will allow you to move ahead by leaps and bounds.

Here are some guidelines that will definitely improve your gross sales, and quite naturally, your gross income. I like to call them the Strategic Salesmanship Commandments. Look them over; give some thought to each of them; and adapt those that you can to your own selling efforts.

1. If the product you're selling is something your prospect can hold in his hands, get it into his hands as quickly as possible. In other words, get the prospect "into the act". Let him feel it, weigh it, admire it.

2. Don't stand or sit alongside your prospect. Instead, face him while you're pointing out the important advantages of your product. This will enable you to watch his facial expressions and determine whether and when you should go for the close. In handling sales literature, hold it by the top of the page, at

the proper angle, so that your prospect can read it as you're highlighting the important points.

Regarding your sales literature, don't release your hold on it, because you want to control the specific parts you want the prospect to read. In other words, you want the prospect to read or see only the parts of the sales material you're telling him about at a given time.

3. With prospects who won't talk with you: When you can get no feedback to yours sales presentation, you must dramatize your presentation to get him involved. Stop and ask questions such as, "Now, don't you agree that this product can help you or would be of benefit to you?" After you've asked a question such as this, stop talking and wait for the prospect to answer. It's a proven fact that following such a question, the one who talks first will lose, so don't say anything until after the prospect has given you some kind of answer. Wait him out!

4. Prospects who are themselves sales people, and prospects who imagine they know a lot about selling sometimes present difficult selling obstacles, especially for the novice. But believe me, these prospects can be the easiest of all to sell. Simply give your sales presentation, and instead of trying for a close, toss out a challenge such as, "I don't know, Mr. Prospect - after watching your reactions to what I've been showing and telling you about my product, I'm very doubtful as to how this product can truthfully be of benefit to you".

Then wait a few seconds, just looking at him and waiting for him to say something. Then, start packing up your sales materials as if you are about to leave. In almost every instance, your "tough nut" will quickly ask you, Why? These people are generally so filled with their own importance, that they just have to prove you wrong. When they start on this tangent, they will sell themselves. The more skeptical you are relative to their ability to make your product work to their benefit, the more they'll demand that you sell it to them.

If you find that this prospect will not rise to your challenge, then go ahead with the packing of your sales materials and leave quickly. Some people are so convinced of their own importance that it is a poor use of your valuable time to attempt to convince them.

5. Remember that in selling, time is money! Therefore, you must allocate only so much time to each prospect. The prospect who asks you to call back next week, or wants to ramble on about similar products, prices or previous experiences, is costing you money. Learn to quickly get your prospect interested in, and wanting your product, and then systematically present your sales pitch through to the close, when he signs on the dotted line, and reaches for his checkbook.

After the introductory call on your prospect, you should be selling products and collecting money. Any callbacks should be only for reorders, or to sell him related products from your line. In other words, you can waste an introductory call on a prospect to qualify him, but you're going to be wasting money if you continue calling on him to sell him the first unit of your product. When faced with a reply such as, "Your product looks pretty good, but I'll have to give some thought", you should quickly jump in and ask him what specifically about your product does he feel he needs to give more thought. Let him explain, and that's when you go back into your sales presentation and make everything crystal clear for him. If he still balks, then you can either tell him that you think he product will really benefit him, or it's purchase be to his benefit.

You must spend as much time as possible calling on new prospects. Therefore, your first call should be a selling call with follow-up calls by mail or telephone (once every month or so in person) to sign him for re-orders and other items from your product line.

6. Review your sales presentation, your sales materials, and your prospecting efforts. Make sure you have a "door-opener" that arouses interest and "forces" a purchase the first time around. This can be a $2 interest stimulator so that you can show him your full line, or a special marked-down price on an item that everybody wants; but the important thing is to get the prospect on your "buying customer" list, and then follow up via mail or telephone with related, but more profitable products you have to offer.

If you accept our statement that there are no born salesmen, you can readily absorb these "commandments". Study them, as well as all the material in this report. When you realize your first successes, you will truly know that "salesmen are MADE - not born".

4) How To Develop Money Making Ideas!

Ideas:

It isn't the billions of ideas, that pop up in the minds of humans around the globe that make money. Very few ideas are worth the time it took for the thought. Most ideas are fleeting "sparks" that go no place and are forgotten before the next day. Of the ideas that are good, very few are followed up and ever end up as a worthwhile development in the market place. Most people are just not oriented to do anything about their ideas, while others believe it would take too much of their time and money to follow through to completion. This leaves the market place wide open for the person who learns how to "Create" Profitable Ideas!

There are three major formats you can use to create profitable idea:

1. Find something that already exists, the presence of which has never been known before.

2. Invent something. Most inventions are merely new arrangements of things that have already been invented.

3. Alter or improve in any number of different ways something that already exists.

As you "Create" ideas, write them down. What you dream up can be your key to great wealth. Keep your mind "open" as you go through each day. What did you notice in the department store that would reduce costs, save money or increase sales if some simple procedure were added or something changed?

Ideas for improvements are one of the most valuable things you can contribute to society and at the same time add to your bank account. To create ideas for improvements, consider every possibility and alternative for the thing you want to improve.

Learn to create ideas by evaluating all the different aspects of the product, method or concept you are interested in. Put your imagination and subconscious to work and write down your thoughts pertaining to each of the things you expect to improve. Use the New Wealth, "Idea Format" that follows as your guide for creating Money-Making improvements.

Idea Format:

List the things you want to improve:

- Why should it be improved?
- Who will benefit from the improvement?
- What is wrong with it at the present time?
- Did someone else cause a problem with it?
- How do you propose to improve it?
- Do you have the facilities to do the work required?
- Do you have the know-how to do the work required to improve it?
- Exactly what part needs to be improved?
- Should it be smaller? Larger?
- Should the color be different?
- Would more activity help make it better?
- Could it be combined with something else to make it more practical?
- Would a different basic material work better?
- Is it too complicated, could it be simplified?
- Would a substitute be more meaningful?
- Is it priced too high?
- Would a change in personnel help the situation?
- Can the shape be changed to advantage?
- Can a new marketing plan make the difference?
- Is it safe?
- Can it be mass produced to bring the unit cost down?
- Should the appearance be changed... streamlined?
- Is there an adequate guarantee?
- What can make it appeal to a bigger audience?
- Would new packaging or trade name enhance it?
- Can it be made heavier, lighter, higher or lower?
- Can it be franchised?

- Is there a good maintenance program to back it up?

- Can financing be simplified?

- List ways to increase production:

- List ways to increase sales:

- List ways to reduce costs:

- List ways to increase efficiency:

- List ways to improve quality and increase profits!

- What can be done with it to satisfy more people?

This New Wealth "Idea Format" will start the ideas "sparking" and as related ideas come to mind write them down in every variation you can think of. Do not judge the good or bad points of the ideas as they materialize to you, just write them down and judge them afterwards. You will stop the flow of ideas if you are critical of your thoughts before you put them on paper. When you have answered everything you can about the product or concept and know how it fits in with your plans, sit down and evaluate all the details you have written.

After you have found (created) a good idea, follow it up with questions on what should be your next move in order to do something about it, then act! Get it moving. Expose it to the world with sufficient tests to determine the value!

Come up with ideas that are still in the processing stage rather than get stuck on several vague points that may be worked out later as your subconscious goes to work. If your idea fails, so what; you are just that much closer to finalizing another one, then another... until a useful more valuable idea is born. Every manufacturing plant, retailer, attorney, accountant; every business person, large or small, cannot continue to operate in the competitive world of today without someone in the organization constantly coming up with new and better ideas!

Old ideas drop by the wayside as new ideas take their place. Old companies without new ideas fade away.

Those who learn and know how to create ideas and anticipate the changes needed, as the future evolves, have the opportunity to be a great success with big money-making potential!

Another "tool" you can use to help dream up that million idea, is to spend several minutes each evening, relaxed with your eyes closed. Pick any object that comes to mind and try to change it in your "mind's eye". Change it in every manner you can think of to improve it.

The following evening pick another subject or object and repeat the process. Soon you will be using 20% of your brain power instead of the 10% normally used by the average person. As your knowledge and "brain power" increase so will your bank account.

Just think what we could accomplish if we could get the other 80% of our brain power working? On second thought, let's not try to get 100% efficiency out of your human computer . . . we would probably blow up the world for sure.

Protecting Your Idea

When you have come up with a good idea, write a full description of it and make a sketch if necessary. Place the written information, the sketch and any other pertinent facts or documents in an envelope addressed to yourself. Have the post office seal the envelope with a date stamp over the flap, then send it to yourself by registered mail. Keep the envelope, unopened, in the event you need to prove ownership. Of course if your product has a properly registered trade mark, has been copyrighted, or you have a U.S. patent you are protected from infringement.

A Few Idea "Sparks" !

When you come up with an idea, program or product that is so superior in style or performance that it is unbelievable you may need a notarized statement to assure your customer you are offering an honest deal.

Make a habit of examining each piece of correspondence you receive, taking care of it right at the time, do what is necessary right then. Never put it aside to be handled a second time if it all practical. This can save more time than anything else for an executive who handles a large amount of correspondence and mail. You can also save many more hours each week by doing several of the most important things that need to be done each day before you take up other, time consuming important details.

Another good way to "spark" ideas is to go through the classified and want ads in the newspaper ... Also the yellow pages of your telephone directory. As you read, think of something that would be of value to the company or person, or enhance the item you are reading about.

In summary, learn to develop ideas from observing everyday things and details. Think of what could make something better. Dwell on things that have a large marketing audience, something that everyone needs and wants. Write your ideas down. Put a pencil and pad at your night stand. When you remember a good dream... don't just lay there, by morning you will forget it... Jot it down on the pad. You will be surprised what you can dream up! Maybe the million dollar idea will magically appear on your pad tomorrow morning!

5) How To Get Free Radio Advertising

The greatest expense you're going to incur in conducting a successful business is advertising.

You have to advertise. Your business cannot grow and flourish unless you advertise. Advertising is the "life-blood" of any profitable business. And regardless of where or how your advertise, it's going to cost you in some form or another.

Every successful business is built upon, and continues to thrive, primarily, on good advertising. The top companies in the world allocate millions of dollars annually to their advertising budget. of course, when starting from a garage, basement or kitchen table,you can't quite match their advertising efforts---at least not in the beginning. But there is a way you can approximate their maneuvers without actually spending their kind of money. And that's through "P.I" Advertising.

"P.I." stands for per inquiry. This kind of advertising most generally associated with broadcasting, where you pay only for the responses you get to your advertising message. It's very popular--somewhat akin to bartering--and is used by many more advertisers than most people realize. The advantages of PI Advertising are all in favor of the advertiser because with this kind of an advertising arrangement, you can pay only for the results the advertising produces.

To get in on this "free" advertising, start with a loose leaf notebook, and about 100 sheets of filler paper. Next, either visit your public library and start poring through the Broadcast Yearbook on radio stations in the U.S., or Standard Rate and Data Services Directory on Spot Radio. Both these publications will give you just about all the information you could ever want about licensed stations.

An easier way might be to call or visit one of your local radio stations, and ask to borrow (and take home with you) their current copy of either of these volumes. To purchase them outright will cost $50 to $75.

Once you have a copy of either of these publications, select the state or states you want to work first. It's generally best to begin in your own state and work outward from there. If you have a moneymaking manual, you might want to start first with those states reporting the most unemployment.

Use some old fashioned common sense. Who are the people most likely to be interested in your offer, and where are the largest concentrations of these people? You wouldn't attempt to sell windshield de-ice canisters in Florida, or suntan lotion in Minnesota during the winter months, would you?

At any rate, once you've got your beginning "target" area decided upon, go through the radio listings for the cities and towns in that area, and jot down in your notebook the names of general mangers, the station call letters, and addresses. be sure to list the telephone numbers as well.

On the first try, list only one radio station per city. Pick out the station people most interested in your product would be listening to. This can be determined by the programming description contained within the date block about the station in the Broadcasting Yearbook or the SRDS Directory.

The first contact should be in the way of introducing yourself, and inquiring if they would consider a PI Advertising campaign. You tell the station manger that you have a product you feel will sell very well in his market, and would like to test it before going ahead with a paid advertising program. You must quickly point out that your product sells for, say $5, and that during this test, you would allow him 50% of that for each response his station pulls for you. Explain that you handle everything for him: the writing of the commercials, all accounting and bookkeeping, plus any refunds or complaints that come in. In other words all he has to do is schedule your commercials on his log, and give them his "best shot." When the responses come in, he counts them, and forwards them on to you for fulfillment. You make out a check for payment to him, and everybody is happy.

If you've contacted him by phone, and he agrees to look over your material, tell him thank you and promise to get a complete "package" in the mail to him immediately. Then do just that. Write a short cover letter, place it on top of your "ready-to-go" PI Advertising Package, and get it in the mail to him without delay.

If you're turned down, and he is not interested in "taking on" any PI Advertising, just tell him thanks, make a notation in your notebook by his name, and go to your next call. Contacting these people by phone is by far the quickest, least expensive and most productive method of "exploring" for those stations willing to consider your PI proposal. In some cases though, circumstances will deem it to be less expensive to make this initial contact by letter or postcard.

In that case, simply address you card or letter to the person you are trying to contact. Your letter should be positive in tone, straight forward and complete. Present all the details in logical order on one page, perfectly typed on letterhead paper, and sent in a letterhead envelope. (Rubber-stamped letterheads just won't get past a first glance.) Ideally, you should include a self-addressed and stamped postcard with spaces for positive or negative check marks in answer to your questions: Will you or won't you over my material and consider a mutually profitable "Per Inquiry" advertising campaign on your station?

Once you have an agreement from your contact at the radio station that they will look over your materials and give serious consideration for a PI program, move quickly, getting your cover letter and package off by First Class mail, perhaps even Special Delivery.

What this means is at the same time you organize your "radio station notebook," you'll also want to organize your advertising package. Have it all put together and ready to mail just as soon as you have a positive response. Don't allow time for that interest in your program to cool down.

You'll need a follow-up letter. Write one to fit all situations; have 250 copies printed, and then when you're ready to send out a package, all you'll have to do is fill in the business salutation and sign it. If you spoke of different arrangements or a specific matter was discussed in your initial contact, however, type a different letter incorporating comments or answers to the points discussed. This personal touch won't take long, and could pay dividends!

You'll also need at least to thirty-second commercials and two sixty-second commercials. You could write these up, and have 250 copies printed and organized as a part of your PI Advertising Package.

You should also have some sort of advertising contract written up, detailing everything about your program, and how everything is to be handled; how and when payment to the radio station is to be made, plus special paragraphs relative to refunds, complaints, and liabilities. All this can be very quickly written up and printed in lots of 250 or more on carbonless multi-part snap-out business forms.

Finally, you should include a self-addressed and stamped postcard the radio station can use to let you know that they are going to use your PI Advertising program, when they will start running your commercials on the air, and how often, during which time periods. Again, you simply type out the wording in the form you want to use on these "reply postcards, and have copies printed for your use in these mailings.

To review this program: Your first step is the initial contact after searching through the SRDS or Broadcasting Yearbook. Actual contact with the stations is by phone or mail. When turned down, simply say thanks, and go to the nest station on the list. For those who want to know more about your proposal, you immediately get a PI Advertising Package off to them via the fastest way possible. Don't let the interest wane.

Your Advertising Package should contain the following:

1. Cover letter
2. Sample brochure, product literature
3. Thirty-second and sixty-second commercials
4. PI Advertising Contract

5. Self-addressed, stamped postcard for station acknowledgement and acceptance of your program.

Before you ask why you need an acknowledgement postcard when you have already given them a contact, remember that everything about business changes from day to day---conditions change, people get busy, and other things come up. the station manager may sign a contract with your advertising to begin the 1st of March. The contract is signed on the 1st of January, but when March 1 rolls around, he may have forgotten, been replaced, or even decided against running your program. A lot of paper seemingly "covering all the minute details" can be very impressive to many radio station managers, and convince them that your company is a good one to do business with.

Let's say that right now you're impatient to get started with your own PI Advertising campaign. Before you "jump off the deep end," remember this: Radio station people are just as professional and dedicated as anyone else in business---even more so in some instances--so be sure you have a product or service that lends itself well to selling via radio inquiry system.

Anything can be sold, and sold easily with any method you decide upon, providing you present it from the right angle. "hello out there!
Who wants to buy a mailing list for 10 cents a thousand names?" wouldn't even be allowed on the air. However, if you have the addresses of the top 100 movie stars, and you put together an idea enabling the people to write to them direct, you might have a winner, and sell a lot of mailing lists of the stars.

At the bottom line, a lot is riding on the content of your commercial---the benefits you suggest to the listener, and how easy it is for him to enjoy those benefits. For instance, if you have a new book on how to find jobs when there aren't any jobs: You want to talk to people who are desperately searching for employment. You have to appeal to them in words that not only "perk up" their ears, but cause them to feel that whatever it is that you're offering will solve their problems. It's the product, and in writing of the advertising message about that product are going to bring in those responses.

Radio station managers are sales people, and sales people the world over will be sold on your idea if you put your selling package together properly. And if the responses come in your first offer, you have set yourself up for an entire series of successes. Success has a "ripple effect," but you have to start on that first one. We wish you success!

6) How To Get Rich Giving Away Something Free

The best of all worlds is to have a product you can give away free and still make money. That world exists. The product need not be expensive or elaborate. It can be something simple - a sticker with a happy face, a pen with a logo, or some other intriguing item.

This marketing approach is excellent because you can give the product away, charging the recipients only a nominal fee for postage and handling. If you price your shipping fees correctly, you can make thousands of dollars a month.

So how do you let people know about the gifts you have waiting for them? The best way is by placing classified ads in national magazines, an enormously successful method. Small classified advertisements in such national publications as Popular Mechanix, and The National Enquirer produce excellent returns on such items, National publications such as these sell millions of copies each week or month. Even a tiny return from this kind of large readership means thousands of dollars in your pocket. One advertiser noted his ads have generated returns of seven times the cost of the classified ad. Other advertisers have done even better.

To put together your own ad, begin by studying the classified ads in these national publications. Study every issue you can find.. Note the ads that show up issue after issue. These marketers have created a money-generating format, and they're taking full advantage of it.

Study the long-running ads. Note that they're short, but they contain a nugget of appeal that makes you want to send your money immediately.

Now try drafting your own ads. write several versions that you can try in different national publications. The ad should be simple but hard-hitting. You want the reader to respond immediately. Use the words that create an attractive picture of your product for the reader.

You don't have to charge much for your giveaway product. Aim for high sales volumes at low prices, a proven technique in this market. If you come up with an ad that grabs reader's interest, the money will flow your way.

The technique of advertising giveaway products that people can receive for the cost of postage and handling has proved so successful that there's even a magazine devoted to showing off the free items that are given away by companies throughout the country. This 32-page bimonthly magazine is called Freebies. It is chock full of these free-for-postage-and-handling items. For a copy of the magazine, information about listing your product, and a rate card, write to Freebies, 407 State St.,Santa Barbara, CA 93120. (805) 962-9135.

7) HOW TO GIVE AWAY CARDS AND MAKE EASY MONEY!

There is a big money business that can be started for next to nothing, with low risk, that involves giving away special cards. These cards are DISCOUNT CARDS, wallet-sized cards that allow the bearer to receive discounts at participating businesses These businesses pay to have their advertisement on the card. They profit from the increased exposure and from gaining new customers who come in for the discount and become return customers. The card-holders benefit from the discounts they can receive. And YOU benefit from the profitable advertising you sell!

This is a relatively simple business to explain. Here's an overview:

Design your card.

Figure your expenses and set your ad prices.

Contact businesses that frequently use discounts or coupons (potential advertisers for you) either in person or by mail, with an information package.

Gather the ads (and the money!) and print them together on wallet-sized cards.

Distribute the cards to the public.

That's all there basically is to it. Of course, there are more details you need to know, and those will be covered in this report.

This business works especially well if there is a college in your town, or any large number of people who either vacation there or move to town, but it can be run successfully in any area. The best part (besides money) is that you can run this business from your kitchen table! Here's exactly what you need to do to make great profits in the discount card business.

First, think up a name for your card. A catchy name that has words like DISCOUNT, SAVER, MONEY, BUCKS, BIG, FREE or other dollar-saving words will stick in people's minds. If you (or a friend) have artistic ability, design a logo, either with your card's name, or a picture conveying the money-saving features of the card.

Next, design how your card will look. It should fit easily into a wallet, so stick to credit card size. On the front, your logo should appear, along with, at most, six ads, in three columns of two. The back should be divided into, at most, twenty ad spaces, again in three columns (7 on the sides, 6 in the middle). This might sound like a lot, but they will be readable. Don't forget to put your business name, address and phone on the front or back, at the bottom of the card.

You should also put together a poster with your logo and information about the card. Leave space for a list of locations where the card can be obtained, and for a list of the advertising businesses. This poster will be inexpensive for your printer to produce, and can be produced on your computer, if you have one, reducing your expenses even further.

Now figure your costs. The major cost to you will be printing, so check with a number of printers for price quotes. You will want a one or two color glossy card, with price quotes for quantities for 1,000 - 10,000 cards. Find out at what quantities significant price breaks occur. This can help determine exactly how many cards you want to produce and distribute. This number will be important when it comes to contacting your advertisers.

Don't be put off by how much the cards will cost! You won't have to worry about laying out a lot of money for the production of the cards, because you should require that advertisers pay at least half of their advertising price at the time they decide to advertise, the remainder when cards are distributed. Some businesses will prefer to pay 100% up front, which is just fine! You shouldn't deal with businesses that won't pay anything up front, unless you have some desire to deal with collection headaches.

You should be thinking about how to distribute these cards. If there is a college in your town, here's a few ideas. Contact the admissions department at the college, explain your discount card, and see if they would consider putting a card into the orientation materials each incoming student gets. Also, find out places where you may put a stack of cards for students to take. Prime locations are cafeterias and dining halls, snack bars, libraries and any other places where students group.

For the general public, great distribution spots are similar to the college spots. Restaurants, grocery stores, theaters, apartment buildings, anywhere where there are large groups of people. Don't forget that you can give a good supply to each advertiser, to give free to their customers. All you need to do is a few good, persuasive phone calls, and your distribution will be taken care of easily. Stress to the person you're speaking with that making the cards available to their customers will be good business for them, even if they don't advertise on the card, because their customers will appreciate being given these discounts and will look upon the business as their friend for doing so.

Now that you have your printing quotes, determine how much you can charge for advertising. Estimate what your phone, advertising, driving and postage expenses will be. Lump these all together and you have an idea of what your costs will be. Now, multiply that figure by five. Divide that figure by the total number of advertisers you will have on your card. The number you end up with is the average price you could charge per ad. Does this sound reasonable, considering the number of cards you'll be distributing? If so, it should make a good starting point.

For example, if you are planning to distribute 8,000 cards with 26 advertisers, and your estimated expenses will be $1,200, the formula is ($1,200 x 5)/26, or $230-77 average ad price ($28-85 per thousand), and your profit would be $4,800. Considering the benefits the advertiser will get from the cards (they will be kept and used for a long time, usually 3 to 6 months, and 8,000 people will be exposed to their ad repeatedly over that period of time), this will probably be reasonable. You need to consider the economy in your area, the size of your area, and any competition you might have, as this can effect what you may be able to charge.

When you decide how much to charge for ads, here are a few things to keep in mind. Ads on the front of the card should be much higher priced than on the back, and, as a result, should be slightly larger. On the back you can set two different ad rates by putting using "boxed ads." An ad with a black box around it will be noticed more than one without, so it can be slightly higher. A good example of ad prices corresponding to the above average ad price would be $200 for a plain ad on the back of the card, $230 for a boxed ad on the back, and $260 for an ad on the front of the card.

Now's the time to contact potential advertisers. Here is a short list of the types of businesses that will be most likely to take advantage of this service:

Restaurants, particularly fast-food and snack establishments

Theaters

Oil change and auto parts businesses

Hair salons

Printers

Travel agencies

Formal wear stores

Dry cleaners

Clothing stores

This is not a complete list, but it should give you an idea of the types of businesses you need to contact.

Put together a list of the businesses you want to contact, and send them a sales package with full details about the cards, the population you will be distributing them to, and ad rates. Include a postcard they can use to contact you if they're interested. Here is an example of what you can put on the card:

Yes, I am interested in talking with you about (card name). A good time to contact me would be _____________. Please ____ call or ____ visit.

Name _____________________________________

Business __________________________________

Address ___________________________________

____

Phone ______________ Fax ____________________

If you are selling 26 ads, try to send information to at least 200 businesses. This will help you easily get enough interested businesses.

When you contact businesses in person, be professional. Break all the costs down so you can show them exactly how inexpensive this advertising will be. For example, if your card will be "active" for six months, distributed to 8,000 college students and the ad the business is considering is $230, show them that it will only cost 4/10 of a cent per month per cardholder ($230 divided by 8,000 people, divided by 6 months)! Also, show them that you're distributing the cards to an audience that will need and use their services. College students will always buy pizza, so if a particular pizza restaurant can snare the incoming students with this discount card, they'll have the edge over the other pizza restaurants. This is how you will make successful sales. Stress the benefits that the business will get from advertising with you, as well as the fact that this advertising is targeted to a specific group, instead of everyone, which will make this advertising more effective than, say, a newspaper ad. Also, let them know that you will be preparing posters advertising the card and the businesses that are advertising on it, and that this will be extra FREE advertising for them.

When the conversation moves to payment, insist (nicely!) that the business pay at least half up front as a good faith gesture. You are trusting them to pay the remainder, as they are trusting you to deliver on your promises. Honest business owners should have no problem with this.

Advertising copy must be direct and short, due to the limited space. Ads should be three lines at most, with the first line for the business name and phone, second line for a short description of the business, and third line for discount. For example,

JOE'S PIZZA 555-1234.

Best pizza in town!

10% off large pizza.

When you have your advertisers and their ads, get together with the printer you've chosen. Your printer will help you with the card layout, if you're inexperienced. If you have a computer and a good typesetting program, you may be able to produce the masters for the printer, lowering your expenses.

While the cards are at the printers, put up your posters. Put them in high traffic areas where the people you will be distributing the cards to will see them. Always get permission before you put the posters up.

When the cards are done, distribute them to the locations you've picked out, and collect the remaining balances from your advertisers. This whole process can be done in your spare time, and should take no than four to six weeks. The example above yielded a $4,800 profit, which is pretty good for that short amount of time!

Once you've done one card, do another one! Differentiate it from the first by using a different name distribution to a different group of people, and different advertisers. Here are some target consumers groups to start with:

Senior citizens

High school students

Families with children

Women only / men only

Singles

By distributing your cards to highly targeted markets like these, and contacting businesses that cater to these groups, you can successfully build up a full-time business that will be highly profitable!

8) How To Make Money Without Leaving Your House

OVERVIEW

When Ronald Reagan took the oath of office for the Presidency in January of 1981, one of his earliest pledges was to make life a little easier for the small business person. Reagan believed that America was founded on the backs of intrepid folks who took a chance and gambled everything they had on a chance to start fresh. Small business today was the embodiment of that idea.

Less regulation and lower taxes during the former California governor's first term in office sent the number of small business formations skyward and the industry, despite increased taxes and regulation, has never looked back. Today, as much as ever, there are outstanding opportunities in the small business market.

Think about it. Big business puts out a controlled product that appeals to the masses. Selling nationwide, there isn't much attention paid to particular regional differences. Small business fills this void. It's not necessary in an environment of lower overhead and more flexibility to have a product that necessarily appeals to the masses. You might produce, out of your own home, T-shirts and apparel with local slogans and insignia on them. This product will likely appeal to the locals and certainly may have some fascination for tourists, too. It's not something a major company is likely to fashion because of its limited audience attraction. But you don't need to sell as many units to operate a successful small business.

There are numerous examples of small businesses having local flavor that become an overnight sensation nationally. Ben and Jerry's ice cream was a Vermont tradition that suddenly caught on big everywhere. Numerous franchises and grocery distribution outlets later, the original owners are ready to cash in -- big time!

Perhaps you have that kind of ambition. It may be that your idea for a home-based business may have a national market. It's wiser to start smaller if you don't have a lot of initial capital. If you have access to capital, that's a different story. Wayne Huzienga, owner of the Blockbuster video stores, borrowed heavily to finance his outlets. The first store didn't make any money. But he believed in his idea -- to have numerous video copies available for two or three nights at a time. He thought people would pay a little more for this kind of convenience. The first ten stores didn't make any money. Neither did the first 100 stores. But Huzienga knew Americans. Suddenly the profits started to come and Blockbuster has developed into a commercial trademark for most shopping outlets in this country.

But you don't have to make it that big to be a financial success. You can make thousands of dollars a week from our own home without having to invest that much capital in the business start-up.

BEING YOUR OWN BOSS

Most Americans dream of being their own boss. This is true for many reasons. First, America has that kind of promise. If you play by the rules, there is virtually nothing you can't accomplish. Just ask any number of Korean and Vietnamese immigrants who fled their countries to come here and start up their own businesses. They are truly a late 20th Century success story in this country.

Second, it's not often that much fun working for someone else. There are plenty of rules to follow. There are specific hours to be in the office. There are specific sales goals that must be met. And on and on. Your own business isn't going to be a vacation, but when you go in early and stay late, you're doing it for you; not the person who signs your paycheck.

Third, the control of running your own business is both exciting and, at times, overwhelming. Responsibility is at your feet. There is no one to pass the blame off to, but small business owners wouldn't have it any other way. They take a chance every day by running their own shop. Yet many wouldn't trade it for working for someone else again if they can possibly help it. The risks are great, but the rewards can be greater.

There are many sad stories around this country about people who dreamed big, who had a good idea, but who couldn't summon up the courage to take it any further than their own thoughts. Afraid to take a chance, they passed up the risks and the rewards of striking out on their own. At the end of their lives is always that doubt, always that wonder, always that speculation, about what their lives would have been like if they'd only taken that one chance.

The independence that comes with being your own boss also calls for a rigid discipline on your part. Because you are the one setting your own hours, there is no one to tell you what time to start, what time to knock off, what time to take lunch, how much work must be accomplished each and every day. This is the drill you must teach yourself. You have to set your own goals and objectives, financial and otherwise. You'll have to analyze your market, what you will produce, how much it will cost to produce, who you will distribute the product to and how much you will charge.

You will also know what your profit margin will be on each unit. Knowing that, and how long it takes to produce one unit, will help you to set up your work schedule. It might be ten to twelve hours a day to start, much longer than you worked for someone else. But instead of a paycheck equal to a small portion of the profit, you'll keep the entire profit margin for yourself. It's a whole new world!

THE CONTINGENT WORKFORCE

Layoffs at big business has become a way of life. Companies are constantly undergoing a reshuffling of the players and the companies under their umbrella. The information age produces instant results data, the analysis of which can be accomplished quickly. Once digested, companies make moves much earlier than the past. Products evolve so much faster today and the improvement in technology can mean the need for less human involvement.

But technology has a bright side. Computers, fax machines, modems and telephone answering machines have evolved to reasonably priced equipment which, when set up in your own home, can make you an instant player in whatever field you choose to work. The future of America may well be in people working at home and communicating with each other through increasingly sophisticated equipment.

Let's say you work for ABC Company, a large firm that is undergoing its ninth rightsizing move of the year. This time around you get the pink slip. Services no longer needed at the end of the month. Here's two months severance pay. See you later. It's been a great ten years.

This is not uncommon today. There have been thousands of layoffs at the Fortune 500 level in the last decade. But unemployment has not changed that dramatically! Why? Where are these people going? Why aren't more of them filing unemployment claims, especially as Congress made several efforts to extend benefits to the unemployed?

Some of these people were able to find full-time work relatively quickly. Still others took the severance package and simply retired, being eligible (or close to it) for Social Security and perhaps a pension benefit. Many of these individuals became a part of what has come to be called the contingent workforce.

The contingent workforce consists of temporary, part-time, contract and leased employees along with people who simply decided the time was never better to start their own business. This is the group that doesn't have a true employer-employee relationship, yet are working and often making more money than their full-time labors yielded in the past.

Not everyone likes it. But the chance to be your own boss has appealed to many Americans, those with that true early pioneer spirit that former President Reagan spoke so warmly about during his tenure as the nation's Chief Executive. Armed with today's technology, many have set up their own businesses and gone to work -- for themselves!

They've established their own businesses after deciding what fields they want to go into. It may be the field they just abruptly left -- or it may be something they've longed to do for some time. Perhaps it's a hobby they believe can make it big. Ask Mrs. Fields, whose cookies that pleased friends and family are now being eaten in nearly every major airport food court in the country.

Working as a contract or temporary or leased employee gives you the benefit of a paycheck without much of the stress. You go home at the end of a day without the same worry you carried as an employee -- unless stress is just part of your character! But this isn't the same as working for yourself as more and more people are finding out.

The downsizing by big business in the last few years has created the opportunity for many to finally make the big push -- and start their own company. They are the President! And V.P., Secretary, Treasurer and all of the other jobs to start. But there is always light at the end of the tunnel and if you never take the chance, you could be another of those sad stories where, in the sunset of life, you sit and wonder what might have been ...

CHOOSING YOUR HOME-BASED CAREER

There is one thing you can count on when you begin your own business. You won't be bored. There are plenty of details to accomplish, a number of tasks that await each day. You won't find yourself looking at the clock much, that's for sure!

What do you do? That's easy! What ideas do you have? More importantly, what would you like to do? What are your current interests? What hobbies do you have that you'd like to work at more and make them pay?
Let's say you have a vivid interest in history. You've spent a lot of time reading history books. Let's say you've even specialized and do most of your reading about the American Civil War. Do you think there might be something you can do about the Civil War?

Of course there is! If you have a computer and subscribe to the Internet, why not try polling people via E-Mail about their interest in a Civil War newsletter that you will publish monthly -- on line! A substantial interest will set you to coming up with a subscription price and to begin enrolling people. If you have enough interest, this could be your full-time job. You'll spend the month coming up with the assorted items for the monthly newsletter, from articles about unusual aspects of the war, to commemorations of anniversary related events that month to news about meetings held everywhere for other Civil War enthusiasts to book reviews of the latest volumes written. If you have an interest in the Civil War, you'll know that there isn't any period of history which has generated more interest and more books about the particulars.

But what if you're not into computers? If it's the Civil War you're interested in, contact the local universities and colleges and find out who teaches the subject on their campus. Contact those individuals first for suggestions. It could very well be that they long to write their own book about the Civil War, but don't have the time during the academic year to do the necessary research to write it on their summer break. You have the time, though, and they may be willing to hire you as a researcher for them.

You should also buy any Civil War magazine (current issue if possible) you can lay your hands on and turn to the classified sections of their pages. Read everything you can. There may be direct advertisements needing help or names and companies with interests in the Civil War whom you can contact. Find out if there are any local Civil War Roundtable chapters in your area. Find out if there are any Sons of Confederate Veterans (or Union) or United Daughters of the Confederacy (or Union) chapters locally. Attending those meetings will bring you into contact with a number of like-minded individuals. Some of these folks might pay you to write about their ancestors. Or they may know publishers who specialize in Civil War history that would be willing to listen to an idea you had for a book. Or you could contact some local community colleges and out together your own course on the Civil War and get paid to teach it.

This is the kind of analysis you need to do with any of your ideas. Make lists! Put your idea at the top and think of all the possible connections to it. Leave no idea out! Nothing should be considered silly or off-limits! This is your business now! The most obscure contact can yield the greatest results. Try them all!

This should also serve notice that any idea is possible for business. If it's something you like to do, why not try it? Many of these ideas can be followed up on your own time even while you're still working for someone else.

If you hate the job you're currently in, wouldn't it be great to work at something you truly love? Especially if what you love has an interest for others -- enough interest to have someone put down a few bucks for your product or service. The Civil War is a great example. People that have an avid interest in it will shell out a few dollars to read anything about the subject. The more they read, the more they want to know. And there are thousands of ideas that can sustain the same kind of interest!

Securing clients for your service is the key. New subscribers to a newsletter will more than offset the ones who, for whatever reason, don't renew. The more new customers you obtain, the more likely your business will experience tremendous success.

Prospecting for new clientele is an ongoing process. It never stops! Some people may not care for that end of the business, but you'll be different. Why? Because you're working in your own business, doing what you love to do in an area that you have a great amount of knowledge and curiosity in. When you talk about it, there will be no hiding the fact that you truly believe in your product or service. Talking about it is fun. Talking about it is prospecting. Hence, prospecting is fun!

How do you get people to open up today when you're in a conversation with them? You ask them about a subject you know they like -- and then let them talk. Prospecting in your business is going to be much like that. You're going to feel compelled to talk to people about a subject because it's your favorite topic. Those that share that interest are going to like listening -- and talking about it! They're prospects! They're interested! They're potential clients!

You may choose to advertise your product or service. This has more start-up costs to it, depending on where you advertise. Try and be market-specific! In other words, advertise to an audience most likely to be interested in your subject matter. For Civil War buffs, there are plenty of magazines that you can target an audience through successfully. Advertising the same product or service through your local newspaper at two or three times the price makes less sense since it's more money and not as efficient.

You can also reach an audience through some type of direct mail. This also carries a significant expense in terms of postage costs. Thus you want to be sure that you are reaching an audience base most likely to respond. This should be a secondary approach, however. Reaching out via the phone lines is more cost-effective.

You can start getting news out about your product or service through your family and friends. They can do a lot of word of mouth advertising for you. The more people they talk to, the faster the word about your business gets around. If you are also prospecting by calling others, even remote acquaintances, all the better. The more people that know, the more likely you can get some referrals.

This is the hardest part of the business -- getting enough people to know about what you're doing. But once you know how to do it and you've started the machine rolling, this all becomes easier. You may end up with more clients than you know what to do with -- a great situation to have!

There are a number of resources out there for you to review and contact as you get started. The advice and information you can obtain may help you to avoid some of the more common mistakes. Every connection you make might lead you to a nest of prospects. Many of the organizations listed here can help you focus in on the right direction and save you time and money pursuing people who have no interest in what you're doing.

RESOURCES AVAILABLE TO GET STARTED

Publications:

Working From Home, by Paul & Sarah Edwards (Jeremy P. Tarcher, publisher, 1994)
Making Money With Your Computer At Home, by Paul & Sarah Edwards (Jeremy P. Tarcher/Perigee, publisher, 1993)
The Work-At-Home Sourcebook, by Lynie Arden (Live Oak Publications, publisher, 1994)
Homemade Money, by Barbara Brabec (Betterway Books, publisher, 1994)
Retired? Get Back In The Game! by Jack & Elaine Wyman (Doer Publications, 1994)
How To Make Money With Your PC! A Guide To Starting and Running Successful PC-Based Businesses, by Lynn Walford (Ten Speed Press, 1994)
How To Succeed As An Independent Consultant, by Herman Holtz (Wiley & Sons, publisher, 1993)
Newsletter: Barbara Brabec's Self-Employment Survival Letter, bimonthly newsletter, $29/year, P.O. Box 2137, Naperville, IL. 60567
Newsletter: ReCareering Newsletter, monthly, $55/year, Publications Plus, 801 Skokie Blvd., Suite 221, Northbrook, IL. 60062
Audio Tapes: How To Make Money Doing Research With Your Computer, by Sue Rugge, contact: Here's How, 2607 Second St., Suite 3, Santa Monica, CA. 90405
Audio Tapes: How To Publish A Profitable Newsletter: The Reasons and A Roadmap for Getting Into Newsletter Publishing with your Computer, by J. Norman Goode, contact: Here's How, 2607 Second Street, Suite 3, Santa Monica, CA. 90405

Organizations and Associations:

Home-Based Business Tips
[includes a free start-up guide]
Contact: Answer Desk
U.S. Small Business Administration

409 Third Street, SW
Washington, D.C. 20416
1-800-827-5722

Home-Based Manufacturing Operations
Wage and Hour Division
Employment Standards Administration
U.S. Department of Labor
200 Constitution Avenue, NW, Room S3516
Washington, D.C. 20210
(202) 219-7043

American Association of
Professional Consultants
9140 Ward Parkway
Kansas City, MO. 64114
(603) 623-5378

American Federation of Small Business
407 S. Dearborn Street
Chicago, IL. 60608
(312) 427-0207

American Home Business Association
397 Post Road
Darien, CT. 06820
(800) 433-6361

American Home Sewing Association
1375 Broadway 4th Floor
New York, NY 10018
(212) 302-2150

The American Society of
Interior Designers
1430 Broadway
New York, NY 10018
(212) 944-9220

Association of Desk-Top
Publishers (AD-TP)
Box 881667
San Diego, CA. 92108-0034

Association of Electronic Cottagers
(accessible on-line through the Working
from Home Forum)
CompuServe Information Service
5000 Arlington Centre Boulevard
Columbus, OH. 45220
(800) 898-8990

Chartered Designers Of America, Inc.
P.O. Box 348
Elmwood Park, N.J. 07407
(201) 794-1133 or (201) 797-0657

Family Firm Institute
P.O. Box 476
Johnstown, NY 12095
(518) 762-3853

International Association of
Independent Publishers
P.O. Box 703
San Francisco, CA. 94101
(415) 922-9490

International Information/Word
Processing Association
1015 N. York Road
Willow Grove, PA. 19090
(215) 657-6300

Mothers Home Business Network
P.O. Box 423
East Meadow, NY 11554
(516) 997-7394

National Association for the
Cottage Industry
P.O. Box 14460
Chicago, IL. 60614
(312) 472-8116

National Association of Desktop
Publishers (NADTP)
P.O. Box 508
Kenmore Station
Boston, MA. 02215
(617) 437-6472

National Association of Entrepreneurial
Couples
P.O. Box 700
Aptos, CA. 95001-0700

National Association for the Self-Employed
2324 Gravel Road
Ft. Worth, TX. 76118
(817) 589-2475

National Association of Women Business Owners
600 S. Federal Street Suite 400
Chicago, IL. 60605

National Computer Graphics Association
2722 Merilee Drive Suite 200
Fairfax, VA. 22031
(703) 698-9600

Newsletter Association
1410 Wilson Blvd. Suite 403
Arlington, VA. 22209

(703) 527-2333

Support Services Alliance
P.O. Box 130
Schocharie, NY 12157
(212) 398-7800

HOME BASED OPPORTUNITIES

There are a few businesses that you can get up and running quickly if time is of the essence. If you've just lost a job or you can't take the one you have much longer, here are a couple of fast start ideas.

1. Private Tutor. To start this business, you would have to be qualified in at least one academic subject, have some teaching skills and experience (being a training instructor could qualify). The subjects usually needing tutoring help are math, foreign language and any of the sciences. It's less demanding than full-time teaching and you don't have to put up with the bureaucracy. It will undoubtedly be evening and (perhaps) weekend work, but you can charge anywhere from $25 to $75 per hour depending on the subject.

2. Errand runner/driver. Many businesses today are in need of a runner to bring material around from place to place. A company who does a lot of printing may need constant business to printer assistance. As long as you have your own car and are a safe driver, you're in business. You don't need to learn anything about computers, either. you're simply in business. You will likely always be on call during the week (maybe Saturdays) and if you don't like traffic, this could be a problem. You should be able to canvass local businesses for work and be paid upwards of $10 per hour. Your auto insurance agent should be informed of the new use for your car.

3. Computer services for small businesses. You'll need a computer, laser or bubblejet printer and a fax machine to offer these services, but many small businesses need the assistance. It might be in copywriting, mailing programs, newsletters or maintaining a billing follow-up database. You can charge from $20 per hour and up depending on the work. It's easy to get going since you've already got the computer in your home. Canvass businesses locally for work after you've devised an attractive flyer listing and selling your services.

There are other jobs that may require more set-up, but can fantastic money-making opportunities. Among these are:

1. Tax preparer/bookkeeping services. Being computer literate will help you handle several dozen clients all at once. You may need some training if you are not a CPA, but software programs today make it easier to walk through even the most complex tax situations. You will be overwhelmed

during the tax season of January to April, but you can charge from $25 to $50 per hour and make enough during the first four months of the year to almost get you through the remaining months.

2. Specialty grower. Let's say you have some land and you love to garden. You enjoy working outdoors and are tired of working inside a building for a living. Why not become a specialty grower? Gourmet stores all over the country are looking for the unusual in the way of plants and edible flowers. Herbs are also popular. You can even sell the crops you grow at the local farmer's market on Saturday mornings. If you already have the land and the desire to do this, why wait. Start it part-time if you want, but you may find dozens of outlets for your goods if they are up to the test. The risk is bad weather naturally, but it's a chance worth taking if you love gardening.

3. Cleaning services. You'll need lots of supplies for this, but commercial building maintenance people are often on the lookout for good help in this area. You'll need a lot of cleaning supplies, but if you can handle the evening hours and can find reliable assistants, this can be a gold mine business especially if you specialize in the hard-to-do work like swimming pools, blinds and windows. People hate to do windows. You can charge per house or, for commercial buildings, per hour.

4. Massage therapist. If you're good at giving massages, consider getting a license or certification to be a massage therapist. Health clubs, running clubs, conventions all are good candidates for your work. You can earn up to $100/hour but you have to be in good physical condition. Arm, hands and back strength are particularly important. Your hours are your choice!

5. Caterer. If you like to cook, consider the catering business. If you have a good kitchen set-up and can cook large volumes well and have a few handy unusual, but tasty recipes, you can be become a local party favorite. Repeat business is the name of this game and you can charge per person for your catered meals or appetizers. Ethnic dishes are the in thing for parties these days and the more diversified you are the better.

6. Computer consultant. If you are a programmer, this is certainly a job that can lend itself to contract labor, run out of your own home. Competition is heavy, but once you have a few clients, you will likely make an excellent living at something you're good at and probably enjoy. $50/hour is the low starting rate for programmers and you can charge more based on your expertise and the problem to be solved. The more diversified your experience, the more likely the calls coming in for your services. You will need to stay up on current technology, but most programmers do this naturally. There are a plethora of magazines and other publications about the latest and greatest

technology. Canvass local businesses to ascertain their computer needs. You're only selling your services, so the cold calling is a low pressure thing. Most businesses have some complaint about their computer system and are looking for easy answers from someone that is local and knows what they're doing. Solid computer expertise is invaluable to small businesses.

7. Bed-and-breakfast accommodations. Wouldn't it be great to operate a bed and breakfast in the middle of a territory that attracts thousands of tourists and other travelers each year? If you've a knack for hosting people on a full-time basis and have the house to convert to a couple of extra bedrooms, you can be in business. It's truly full-time, even though you're only serving breakfast. There's laundry to do, there's beds to be made, bathrooms to clean and reservations to handle, but it can often be done at a eisurely pace. Room rates are $75 per night and up, so the money can add up pretty fast. Be careful of burnout, however, as there are no holidays from this job, unless you have another person/couple take over for a couple of weeks.

8. Arts & Crafts. If you have a propensity for things arts and craftsy, you should consider selling your goods for a living, part or full-time. Have you ever walked around an art show? There are plenty of these around and you can get a booth and earn back your expenses for the day with one sale. If you love to paint, or sculpt, or make pottery or whatever, there is a lot of potential for you. You can also starve, too, but you don't start up the business thinking that. Businesses buy lots of arts and crafts each year for their firms' decorations or for sales contest prizes, convention awards and the like. If you are already doing this, you probably have studio space in your house plus some supplies to get going. Step it up to the next level!

There are many other types of home-based opportunities which may require more specific skills, longer training or more time to get up and running. They are no less useful, however. Here are a few ideas for you.

* Accounting/Bookkeeping
Small businesses may be especially reliant on contract help for this type of work since many of them may not be large enough to have their own accountant and/or bookkeeper on staff. Book resource: Establishing An Accounting Practice. Available from: Bank of America, P.O. Box 3401, San Francisco, CA. 94137.

* Apiary
Raising bees for honey can be a part-time effort if you have an interest in this type of activity. This is not a business for those with no experience in this area, but for those already doing something along this line, or have a hobby for it, try ordering the book ABC and XYZ of Bee Culture from the A.I. Root Library, current edition, Garden

Way Publishing, Charlotte, VT. 05445

* Balloon Rides
Popular in areas where the weather is nice, year-round, hot air balloon rides are popular gifts for special occasions like a birthday, anniversary, Valentine's Day and other holidays. Those of you who are trained aeronauts can step into a needed void as a pilot for this craft. You can start as a pilot, perhaps, and then accumulate capital to invest in your own balloon. Other than advertising and the cost of the balloons and their upkeep, little else is required except some wide open spaces.

* Beautician
This is a popular home-based business. An investment in the essential beautician supplies and chair can get you started. There is a licensing course that varies by state. All you need for this, other than the start-up merchandise is an extra room in the house or a garage. If you're working for someone now and were wondering how to break away, it only takes a few dollars and your clientele to follow you. This happens quite frequently. Book resource: Start and Run A Profitable Beauty Salon. Author: Paul Pogue. Available from TAB Books, Blue Ridge Summit, PA. 17214. It's a complete business guide, organized for easy following of the text.

* Canning
Walk into a country restaurant like the Cracker Barrel and the first thing you come to is a foyer/waiting area where there are a variety of goods, including a number of specialty food items. Pickles, sauces, jellies, many of them homemade all sit waiting for a buyer. And people will buy these specialties! Specialty coffee shops and gourmet stores are always on the lookout for the new treat they can feature. Why not sell to these stores if you have a talent for this kind of cooking? You can start out part-time and see how the demand and the income goes from there. The next time you're in a specialty food store, ask about their distribution.

* Chair Caning
Country styles for homes are as popular as ever and the ability to cane chairs can bring in a sizable amount of side income if you have the talent for this type of work. If you're already doing it as a hobby, you've already established the necessary work shop, know where to get materials, etc. The only thing that remains is who to distribute to, a decision that may involve both private and public sales. There are locals who would certainly hire you to handle a chair or two for them personally. There are also specialty furniture stores and outlets with whom you can also contract. You'll have to do a little research on it, but the possibilities are there to expand a hobby that may already give you many hours of joy. It's time to cash in on that and get your home-based business off the ground!

* Cheese making
Like making jellies and pickles, the art of cheese making can also be turned into a tidy profit center for you, distributing to some of the same chains and specialty food stores. Cheese has been and will continue to remain a sought after food. Book resource: Making Homemade Cheeses And Butter, by Phyllis Hobson, Garden Way Publishing, Charlotte, VT. 05445.

* Chimney Sweeping
Woodburning stoves and fireplaces are still dominant home items and the skill of chimney sweeping is a fine one with a number of business opportunities to choose from in plying this trade. Very little equipment is necessary and it won't take long, if you have the ability and liking for physical labor, to become proficient at this work. Book resource: Chimneys and Stove Cleaning, Garden Way Publishing, Charlotte, VT. 05445.

* Consulting
If you've been in a specific field for a length of time, you've likely built up an arsenal of knowledge about your subject. The more you know, the more you can offer any person or firm interested in breaking into, expanding or becoming more competent in this area. If your name is recognized, so much the better. Consultants can earn high hourly fees, expenses paid for. Book resource: Advice -- A High Profit Business, by Herman Holtz, Wiley Publications, New York.

* Copy Services.
This would obviously require the purchase of a copy machine, the more versatile the better. You'll be surprised at the number of individual needs for this machine. At 7-10 cents a copy, the machine would pay for itself relatively quickly. Booklets and collating services for small businesses can be a relatively lucrative practice.

* Floral Arrangements
You don't necessarily have to grow flowers to do this. You can purchase, make up elaborate flower arrangements and resell them. Dried arrangements and wreaths are popular in season. Some advertising and competitive pricing can generate a substantial workload for you.

* Home maintenance
How many times have you heard that someone is looking for help to do a few odd jobs around the house. Or for a painter? Or someone that can do a variety of work from landscaping to electrical wiring? If you're good at putting up wallpaper, laying carpet and other assorted tasks, advertise! The more diverse the skills you publicize, the better your chances of regular employment.

* Insurance Sales

Many people start off in this field on a part-time basis until they realize that a few sales a week will triple and quadruple the income they're used to making. This field is not for everyone. It requires extraordinary discipline and a desire to succeed along with the belief that you're assisting people with their financial goals and objectives. But if you can handle it, the insurance profession can be one of the most lucrative for working out of your home. Overhead is relatively low. You can get licensed through your state's insurance department, located in your capitol city. It may require a certain amount of training and definitely an exam, but once passed, you can seek out insurance companies who would be glad to work with you. Think of what your niche market might be. Who are your natural business associates and friends? These will be your first potential clients and you might test them by asking their interest in having you do an analysis of their financial goals and objectives.

* Kennel operator
If you like animals, this could be a strong home-based opportunity for you. Pets will always need to be boarded and, although some capital will be required to set it up, it can be a lucrative business just for doing what you love -- taking care of animals!

* Mail-order business
This is a new rage among the home-based opportunity seekers in this country. You can start your own mail-order business quite easily and if you advertise in the right publications, generate an ample amount of business. Book resource: How To Start and Operate A Mail Order Business, by Julian L. Simon. Publisher: McGraw Hill, New York, 10020.

* Meals for Handicapped
Contact your local social services for the disabled and elderly to see if there is any openings for someone who can cook meals out of their house and deliver them. This often involves a hot meal for lunch and a cold meal for dinner which is left with the client at the same time. If you like to cook, this can be another outlet for your talents.

* Music
There are a number of opportunities for those with musical talent, especially songwriting. There are plenty of great voices out there, but a dearth of good material to sing. Some of the better artists along with the up and coming ones are always on the lookout for new artists adept at this skill. Book resources: Making Money Making Music (No Matter Where You Live), by James Dearing, and Song Writer's Market- current edition, from Writer's Digest Books, Cincinnati, Ohio 45242.

* Pet breeding
As long as you're considering a kennel career opportunity, you might think about breeding, an animal specialty that

can earn you many dollars. Breeding can be by specific request or you can simply breed to produce animals for local pet shops like hamsters, cats and dogs. This business can be run in conjunction with the kennel. You can sell to the pet shops or take your business directly to the public which can earn you a higher fee, since you don't have to pay the retailer.

* Real Estate Sales
If you like houses and don't mind working the evening/weekend hours, this could be a very rewarding career for you. Sales of houses can make you some large commissions even for one house. You have to be very organized and always on the lookout for new listings, but once you've sold a few houses in an area, word of mouth will get you your next clients. The real estate market has been depressed the last few years which creates an opportunity for those that are adept at selling homes. Sellers will tend to migrate towards the successful Realtor. There is a licensing course involved, but you can take this while you're still working at your old job. Like insurance, many people start this business part-time, until they sell their first big house and see how much money they can make from one sale.

* Rental Property Manager
If you live in a vacation area with a number of condominium units, you will likely see numerous advertisements for someone to manage the units for rental. There could be some small maintenance duties required, too. But essentially you are collecting rent, advertising for new renters and managing the properties for the owner(s). It may well require that you live in the complex, but this can often be part of the compensation package. What a great way to live near the beach or in some fantastic resort spot. This can be the job for those people who have gone on vacation and wished they didn't have to go back to real life.

* Repair of Equipment
Every home is equipped today with all the modern conveniences: television, VCR, stereo, refrigerator, microwave, stove, dishwasher, etc. All you have to do is know how to fix these pieces of equipment and you'll have a new home-based business. This might be combined with the general all around maintenance business opportunity mentioned earlier. A skilled repair person is difficult to find as is the general odd-job fix-it-up person. If you have any talent in these areas, there are plenty of local options for you to attract business. People can't do for long without their conveniences and the demand will be there for the work. Consumers will bring the appliance into the repair shop, but in this age of handiness, would rather have someone come out and repair it -- it's easier!

* Secretarial Services
Small businesses can be counted on to look for help on a

contract basis from someone with specific secretarial skills. A physician's office may be looking for a medical records person or an insurance billing clerk on an independent basis. The entire medical field, in its movement towards managed care, is looking for simplified answers to common administration tasks. This isn't the only industry utilizing outside secretarial services. If you have the skills and the small capital needed for the basic equipment, you're in business! Book resource: Starting Your Own Secretarial Business, by Betty Loogren and Gloria Shoff. Published by: Contemporary Books, Chicago, IL. 60601

* Sharpening Services
In many hardware, sewing and fabric stores, you may notice an advertisement for sharpening services. Scissors and other craft tools can be sharpened less expensively than purchasing a new one. Often these businesses contract out the labor for the service. If you know how to sharpen these types of objects, perhaps even doing it for yourself as you knit or make crafts, then you can turn this into a lucrative side business. All you'll do is call on your store clients once or twice a week and pick up new work and drop off completed jobs. It's an unusual, but needed usefulness.

* Sign Design & Painting
Every where you look across this great country, you'll find -- signs! Homes, businesses and individuals are all sign candidates. Advertising for and specializing in all type of sings, banners and, if you learn it, even billboards, can create a substantial side business which will grow into full-time, profitable work for you.

* Telephone Answering Service
Many small businesses are one or two person shops who have no one but an answering machine to pick up calls should they have to leave the premises. There is a great amount of business lost as a result; business which can cost the firm thousands of dollars as someone hangs up when they can't reach a human voice and dials another number where they can. As an answering service, you can be that human voice at the other end. Even if you are just taking the message, people have confidence when they can talk to a person in a service-oriented business. If you can add a couple of lines to your existing home phone system, you're in business. A few clients and you'll be taking messages generally just during the day. There are organizations who look for answering services to be on later call for product ordering and similar tasks. This can be a very profitable venture -- just for talking on the phone!

* Writer
There are a number of chances to obtain work doing opywriting. The written word is still very much in demand and you can attract a substantial amount of business in this area from smaller firms -- even just for their basic

correspondence. Distressingly, people don't possess the same writing skills as they did en masse a few years ago and hence could use the assistance. The better a letter or document or brochure is crafted, the more likely the business will do well. This means work for writers in all phases of industry. A computer at home can be all the overhead you'll need.

Summary

Home-based businesses are the chances of a lifetime for many of us. It's the opportunity to be your own boss. This is not work without risk. Knowledge of how to run a business is critical. For that reason, consider contacting one of these Small Business Development Centers for help in breaking out on your own -- and the information every employer needed to know. That's right! You're a bona-fide employer now!

Dallas: 8625 King George Drive, Dallas, TX. 75235-3391
(214) 767-7633

Kansas City: 911 Walnut Street, 13th Floor, Kansas City,
MO. 64106 (816) 426- 3608

Denver: 999 18th Street, Suite 701, Denver, CO. 80202
(303) 294-7186

San Francisco: 71 Stevenson St. San Francisco, CA. 94105
(415) 744-6402

Seattle: 2615 4th Avenue, Rm. 440, Seattle, WA. 98121
(206) 553-5676

Boston: 155 Federal Street, 9th Floor, Boston, MA. 02110
(617) 451-2023

New York: 26 Federal Plaza, Rm. 31-08, New York, NY 10278
(212) 264-1450

Pennsylvania: 475 Allendale Rd. #201, King of Prussia, PA.
19406 (215) 962- 3700

Atlanta: 1375 Peachtree St. NE, 5th Floor, Atlanta, GA.
30367 (404) 347-2797

Chicago: 300 S. Riverside Plaza Suite 1975 South, Chicago,
IL. 60606 (312) 353-5000

46 Ideas to make your business a Booming Success
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9) The Necessity of Financial Planning

This Report was first published in booklet form designed to equip instructors of the National Small Business Training Network course "Financial Management: How to Make a Go of Your Business" with the information required to acquaint the small business owner/manager with the basic tools of sound financial management. It supplements the course guide materials; it is not intended to replace their use by the instructor.

The booklet may also be used by anyone interested in learning the concepts of financial management.

I. The Necessity of Financial Planning

There is one simple reason to understand and observe financial planning in your business--to avoid failure. Eight of ten new businesses fail primarily because of the lack of good financial planning.

Financial planning affects how and on what terms you will be able to attract the funding required to establish, maintain, and expand your business. Financial planning determines the raw materials you can afford to buy, the products you will be able to produce, and whether or not you will be able to market them efficiently. It affects the human and physical resources you will be able to acquire to operate your business. It will be a major determinant of whether or not you will be able to make your hard work profitable.

This manual provides an overview of the essential components of financial planning and management. Used wisely, it will make the reader--the small business owner/manager--familiar enough with the fundamentals to have a fighting chance of success in today's highly competitive business environment.

A clearly conceived, well documented financial plan, establishing goals and including the use of Pro Forma Statements and Budgets to ensure financial control, will demonstrate not only that you know what you want to do, but that you know how to accomplish it. This demonstration is essential to attract the capital required by your business from creditors and investors.

What Is Financial Management?

Very simply stated, financial management is the use of financial statements that reflect the financial condition of a business to identify its relative strengths and weaknesses. It enables you to plan, using projections, future financial performance for capital, asset, and personnel requirements to maximize the return on shareholders' investment.

Tools of Financial Planning

This manual introduces the tools required to prepare a financial plan for your business's development, including the following:

* Basic Financial Statements--the Balance Sheet and Statement of Income

* Ratio Analysis--a means by which individual business performance is compared to similar businesses in the same category

* The Pro Forma Statement of Income--a method used to forecast future profitability

* Break-Even Analysis--a method allowing the small business person to calculate the sales level at which a business recovers all its costs or expenses

* The Cash Flow Statement--also known as the Budget identifies the flow of cash into and out of the business

* Pricing formulas and policies--used to calculate profitable selling prices for products and services

* Types and sources of capital available to finance business operations

* Short- and long-term planning considerations necessary to maximize profits

The business owner/manager who understands these concepts and uses them effectively to control the evolution of the business is practicing sound financial management thereby increasing the likelihood of success.

II. Understanding Financial Statements: A Health Checkup for Your Business

Financial Statements record the performance of your business and allow you to diagnose its strengths and weaknesses by providing a written summary of financial activities. There are two' primary financial statements: the Balance Sheet and the Statement of Income.

The Balance Sheet

The Balance Sheet provides a picture of the financial health of a business at a given moment, usually at the close of an accounting period. It lists in detail those material and intangible items the business owns (known as its assets) and what money the business owes, either to its creditors (liabilities) or to its owners (shareholders' equity or net worth of the business).

Assets include not only cash, merchandise inventory, land, buildings, equipment, machinery, furniture, patents, trademarks, and the like, but also money due from individuals or other businesses (known as accounts or notes receivable).

Liabilities are funds acquired for a business through loans or the sale of property or services to the business on credit. Creditors do not acquire business ownership, but promissory notes to be paid at a designated future date.

Shareholders' equity (or net worth or capital) is money put into a business by its owners for use by the business in acquiring assets.

At any given time, a business's assets equal the total contributions by the creditors and owners, as illustrated by the following formula for the Balance Sheet:

Assets	=	Liabilities	+	Net Worth
(Total funds invested in assets of the business)		(Funds supplied to the business by its creditors)		(Funds supplied to the business by its owners)

This formula is a basic premise of accounting. If a business owes more money to creditors than it possesses in value of assets owned, the net worth or owner's equity of the business will be a negative number.

The Balance Sheet is designed to show how the assets, liabilities, and net worth of a business are distributed at any given time. It is usually prepared at regular intervals; e.g., at each month's end but especially at the end of each fiscal (accounting) year.

By regularly preparing this summary of what the business owns and owes (the Balance Sheet), the business owner/manager can identify and analyze trends in the financial strength of the business. It permits timely modifications, such as gradually decreasing the amount of money the business owes to creditors and increasing the amount the business owes its owners.

All Balance Sheets contain the same categories of assets, liabilities, and net worth. Assets are arranged in decreasing order of how quickly they can be turned into cash (liquidity). Liabilities are listed in order of how soon they must be repaid, followed by retained earnings (net worth or owner's equity), as illustrated in Figure 2-1, below, the sample Balance Sheet for ABC Company.

The categories and format of the Balance Sheet are established by a system known as Generally Accepted Accounting Principles (GAAP). The system is applied to all companies, large or small, so anyone reading the Balance Sheet can readily understand the story it tells.

Figure 2-1
ABC Company
December 31, 19-
Balance Sheet

Cash	$ 1,896	Notes Payable, Bank	$ 2,000
Accounts Receivable	1,456	Accounts Payable	2,240
Inventory	6,822	Accruals	940
Total Current	$10,174	Total Current	$ 5,180

Assets		Liabilities	
Equipment and Fixtures	1,168	Total Liabilities	5,180
Prepaid Expenses	1,278	Net Worth	7,440
Total Assets	$12,620	Total Liabilities and New Worth	$12,620

Balance Sheet Categories

Assets: An asset is anything the business owns that has monetary value.

* Current Assets include cash, government securities, marketable securities, accounts receivable, notes receivable (other than from officers or employees), inventories, prepaid expenses, and any other item that could be converted into cash within one year in the normal course of business.

* Fixed Assets are those acquired for long-term use in a business such as land, plant, equipment, machinery, leasehold improvements, furniture, fixtures, and any other items with an expected useful business life measured in years (as opposed to items that will wear out or be used up in less than one year and are usually expensed when they are purchased). These assets are typically not for resale and are recorded in the Balance Sheet at their net cost less accumulated depreciation.

* Other Assets include intangible assets, such as patents, royalty arrangements, copyrights, exclusive use contracts, and notes receivable from officers and employees.

Liabilities: Liabilities are the claims of creditors against the assets of the business (debts owed by the business).

* Current Liabilities are accounts payable, notes payable to banks, accrued expenses (wages, salaries), taxes payable, the current portion (due within one year) of long-term debt, and other obligations to creditors due within one year.

* Long-Term Liabilities are mortgages, intermediate and long-term bank loans, equipment loans, and any other obligation for money due to a creditor with a maturity longer than one year.

* Net Worth is the assets of the business minus its liabilities. Net worth equals the owner's equity. This equity is the investment by the owner plus any profits or minus any losses that have accumulated in the business.

The Statement of Income

The second primary report included in a business's Financial Statement is the Statement of Income. The Statement of Income is a measurement of a company's sales and expenses over a specific period of time. It is also prepared at regular intervals (again, each month and fiscal year end) to show the results of operating during those accounting periods. It too follows Generally Accepted Accounting Principles (GAAP) and contains specific revenue and expense categories regardless of the nature of the business.

Statement of Income Categories

The Statement of Income categories are calculated as described below:

* Net Sales (gross sales less returns and allowances)

* Less Cost of Goods Sold (cost of inventories)

* Equals Gross Margin (gross profit on sales before operating expenses)

* Less Selling and Administrative Expenses (salaries, wages, payroll taxes and benefits, rent, utilities, maintenance expenses, office supplies, postage, automobile/vehicle expenses, insurance, legal and accounting expenses, depreciation)

* Equals Operating Profit (profit before other non-operating income or expense)

* Plus Other Income (income from discounts, investments, customer charge accounts)

* Less Other Expenses (interest expense)

* Equals Net Profit (Loss) Before Tax (the figure on which your tax is calculated)

* Less Income Taxes (if any are due)

* Equals Net Profit (Loss) After Tax

For an example of a Statement of Income, see Figure 2-2, the statement of ABC Company.

Figure 2-2
ABC Company
December 31, 19-
Income Statement

Net Sales		$68,116
Cost of Goods Sold		47,696
Gross Profit on Sales		$20,420
Expenses		
Wages	$6,948	
Delivery Expenses	954	
Bad Debts Allowances	409	
Communications	204	
Depreciation Allowance	409	
Insurance	613	
Taxes	1,021	
Advertising	1,566	
Interest	409	
Other Charges	749	

Total Expenses	$13,282
Net Profit	7,138
Other Income	886
Total Net Income	$ 8,024

Calculating the Cost of Goods Sold

Calculation of the Cost of Goods Sold category in the Statement of Income (or Profit-and-Loss Statement as it is sometimes called) varies depending on whether the business is retail, wholesale, or manufacturing. In retailing and wholesaling, computing the cost of goods sold during the accounting period involves beginning and ending inventories. This, of course, includes purchases made during the accounting period. In manufacturing it involves not only finished-goods inventories, but also raw materials inventories goods-in-process inventories, direct labor, and direct factory overhead costs.

Regardless of the calculation for Cost of Goods Sold, deduct the Cost of Goods Sold from Net Sales to get Gross Margin or Gross Profit. From Gross Profit, deduct general or indirect overhead such as selling expenses, office expenses, and interest expenses, to calculate your Net Profit. This is the final profit after all costs and expenses for the accounting period have been deducted.

III. Financial Ratio Analysis

The Balance Sheet and the Statement of Income are essential, but they are only the starting point for successful financial management. Apply Ratio Analysis to Financial Statements to analyze the success, failure, and progress of your business.

Ratio Analysis enables the business owner/manager to spot trends in a business and to compare its performance and condition with the average performance of similar businesses in the same industry. To do this compare your ratios with the average of businesses similar to yours and compare your own ratios for several successive years, watching especially for any unfavorable trends that may be starting. Ratio analysis may provide the all-important early warning indications that allow you to solve your business problems before your business is destroyed by them.

Balance Sheet Ratio Analysis

Important Balance Sheet Ratios measure liquidity and solvency (a business's ability to pay its bills as they come due) and leverage (the extent to which the business is dependent on creditors' funding). They include the following ratios:

Liquidity Ratios.

These ratios indicate the ease of turning assets into cash. They include the Current Ratio, Quick Ratio, and Working Capital.

Current Ratios. The Current Ratio is one of the best known measures of financial strength. It is figured as shown below:

```
                  Total Current Assets
Current Ratio = ------------------------
                 Total Current Liabilities
```

The main question this ratio addresses is: "Does your business have enough current assets to meet the payment schedule of its current debts with a margin of safety for possible losses in current assets, such as inventory shrinkage or collectable accounts?" A generally acceptable current ratio is 2 to 1. But whether or not a specific ratio is satisfactory depends on the nature of the business and the characteristics of its current assets and liabilities. The minimum acceptable current ratio is obviously 1:1, but that relationship is usually playing it too close for comfort.

If you decide your business's current ratio is too low, you may be able to raise it by:

* Paying some debts.
* Increasing your current assets from loans or other borrowings with a maturity of more than one year.
* Converting noncurrent assets into current assets.
* Increasing your current assets from new equity contributions.
* Putting profits back into the business.

Quick Ratios. The Quick Ratio is sometimes called the "acid-test" ratio and is one of the best measures of liquidity. It is figured as shown below:

```
Quick Ratio = Cash + Government Securities
                   + Receivables
              ---------------------------
               Total Current Liabilities
```

The Quick Ratio is a much more exacting measure than the Current Ratio. By excluding inventories, it concentrates on the really liquid assets, with value that is fairly certain. It helps answer the question: "If all sales revenues should disappear, could my business meet its current obligations with the readily convertible `quick' funds on hand?"

An acid-test of 1:1 is considered satisfactory unless the majority of your "quick assets" are in accounts receivable, and the pattern of accounts receivable collection lags behind the schedule for paying current liabilities.

Working Capital. Working Capital is more a measure of cash flow than a ratio. The result of this calculation must be a positive number. It is calculated as shown below:

```
Working Capital = Total Current Assets -
                  Total Current Liabilities
```

Bankers look at Net Working Capital over time to determine a company's ability to weather financial crises. Loans are often tied to minimum working capital requirements.

A general observation about these three Liquidity Ratios is that the higher they are the better, especially if you are relying to any significant extent on creditor money to finance assets.

Leverage Ratio

This Debt/Worth or Leverage Ratio indicates the extent to which the business is reliant on debt financing (creditor money versus owner's equity):

```
  Debt/Worth Ratio = Total Liabilities
                     -----------------
                         Net Worth
```

Generally, the higher this ratio, the more risky a creditor will perceive its exposure in your business, making it correspondingly harder to obtain credit.

Income Statement Ratio Analysis

The following important State of Income Ratios measure profitability:

Gross Margin Ratio

This ratio is the percentage of sales dollars left after subtracting the cost of goods sold from net sales. It measures the percentage of sales dollars remaining (after obtaining or manufacturing the goods sold) available to pay the overhead expenses of the company.

Comparison of your business ratios to those of similar businesses will reveal the relative strengths or weaknesses in your business. The Gross Margin Ratio is calculated as follows:

```
       Gross Margin Ratio = Gross Profit
                            ------------
                            Net Sales
          (Gross Profit = Net Sales - Cost of Goods Sold)
```

Net Profit Margin Ratio

This ratio is the percentage of sales dollars left after subtracting the Cost of Goods sold and all expenses, except income taxes. It provides a good opportunity to compare your company's "return on sales" with the performance of other companies in your industry. It is calculated before income tax because tax rates and tax liabilities vary from company to company for a wide variety of reasons, making comparisons after taxes much more difficult. The Net Profit Margin Ratio is calculated as follows:

```
       Net Profit Margin Ratio = Net Profit Before Tax
                                 ---------------------
                                       Net Sales
```

Management Ratios

Other important ratios, often referred to as Management Ratios, are also derived from Balance Sheet and Statement of Income information.

Inventory Turnover Ratio

This ratio reveals how well inventory is being managed. It is important because the more times inventory can be turned in a given operating cycle, the greater the profit. The Inventory Turnover Ratio is calculated as follows:

$$\text{Inventory Turnover Ratio} = \frac{\text{Net Sales}}{\text{Average Inventory at Cost}}$$

Accounts Receivable Turnover Ratio

This ratio indicates how well accounts receivable are being collected. If receivables are not collected reasonably in accordance with their terms, management should rethink its collection policy. If receivables are excessively slow in being converted to cash, liquidity could be severely impaired. The Accounts Receivable Turnover Ratio is calculated as follows:

$$\frac{\text{Net Credit Sales/Year}}{\text{365 Days/Year}} = \text{Daily Credit Sales}$$

$$\text{Accounts Receivable Turnover (in days)} = \frac{\text{Accounts Receivable}}{\text{Daily Credit Sales}}$$

Return on Assets Ratio

This measures how efficiently profits are being generated from the assets employed in the business when compared with the ratios of firms in a similar business. A low ratio in comparison with industry averages indicates an inefficient use of business assets. The Return on Assets Ratio is calculated as follows:

$$\text{Return on Assets} = \frac{\text{Net Profit Before Tax}}{\text{Total Assets}}$$

Return on Investment (ROI) Ratio.

The ROI is perhaps the most important ratio of all. It is the percentage of return on funds invested in the business by its owners. In short, this ratio tells the owner whether or not all the effort put into the business has been worthwhile. If the ROI is less than the rate of return on an alternative, risk-free investment such as a bank savings account or certificate of deposit, the owner may be wiser to sell the company, put the money in such a savings instrument, and avoid the daily struggles of small business management. The ROI is calculated as follows:

$$\text{Return on Investment} = \frac{\text{Net Profit before Tax}}{\text{Net Worth}}$$

These Liquidity, Leverage, Profitability, and Management Ratios allow the business owner to identify trends in a business and to compare its progress with the performance of others through data published by various sources. The owner may thus determine the business's relative strengths and weaknesses.

Sources of Comparative Information

Sources of comparative financial information which you may obtain from your public library or the publishers include the following:

Almanac of Business and Industrial Financial Ratios, Leo Troy, Prentice-Hall, Inc., Englewood Cliffs, NJ 07632

Annual Statement Studies, Robert Morris Associates, P. O. Box 8500, S-1140, Philadelphia, PA 19178

Expenses in Retail Business, National Cash Register Corporation, Corporate Advertising and Sales Promotion Dayton, OH 45479.

Key Business Ratios, Dun & Bradstreet, Inc., 99 Church Street, New York, NY 10007, ATTN: Public Relations and Advertising Department

IV. Forecasting Profits

Forecasting, particularly on a short-term basis (one year to three years), is essential to planning for business success. This process, estimating future business performance based on the actual results from prior periods, enables the business owner/manager to modify the operation of the business on a timely basis. This allows the business to avoid losses or major financial problems should some future results from operations not conform with reasonable expectations. Forecasts--or Pro Forma Income Statements and Cash Flow Statements as they are usually called--also provide the most persuasive management tools to apply for loans or attract investor money. As a business expands, there will inevitably be a need for more money than can be internally generated from profits.

Facts Affecting Pro Forma Statements

Preparation of Forecasts (Pro Forma Statements) requires assembling a wide array of pertinent, verifiable facts affecting your business and its past performance. These include:

* Data from prior financial statements, particularly:
  a. Previous sales levels and trends
  b. Past gross percentages
  c. Average past general, administrative, and selling expenses necessary to generate your former sales volumes
  d. Trends in the company's need to borrow (supplier, trade credit, and bank credit) to support various levels of inventory and trends in accounts receivable required to achieve previous sales volumes

* Unique company data, particularly:
  a. Plant capacity
  b. Competition
  c. Financial constraints
  d. Personnel availability

* Industry-wide factors, including:
  a. Overall state of the economy
  b. Economic status of your industry within the economy
  c. Population growth
  d. Elasticity of demand for the product or service your business provides
  e. Availability of raw materials

Once these factors are identified, they may be used in Pro Formas, which estimate the level of sales, expense, and profitability that seem possible in a future period of operations.

The Pro Forma Income Statement

In preparing the Pro Forma Income Statement, the estimate of total sales during a selected period is the most critical "guesstimate." Employ business experience from past financial statements. Get help from management and salespeople in developing this all-important number.

Then assume, for example, that a 10 percent increase in sales volume is a realistic and attainable goal. Multiply last year's net sales by 1.10 to get this year's estimate of total net sales. Next, break down this total, month by month, by looking at the historical monthly sales volume. From this you can determine what percentage of total annual sales fell on the average in each of those months over a minimum of the past three years. You may find that 75 percent of total annual sales volume was realized during the six months from July through December in each of those years and that the remaining 25 percent of sales was spread fairly evenly over the first six months of the year.

Next, estimate the cost of goods sold by analyzing operating data to determine on a monthly basis what percentage of sales has gone into cost of goods sold in the past. This percentage can then be adjusted for expected variations in costs, price trends, and efficiency of operations.

Operating expenses (sales, general and administrative expenses, depreciation, and interest), other expenses, other income, and taxes can then be estimated through detailed analysis and adjustment of what they were in the past and what you expect them to be in the future.

Comparison with Actual Monthly Performance

Putting together this information month by month for a year into the future will result in your business's Pro Forma Statement of Income. Use it to compare with the actual monthly results from operations by using the SBA form 1099 (4-82) Operating Plan Forecast (Profit and Loss Projection). Obtain this form from your local SBA office. You will find it helpful to refer to the SBA Guidelines for Profit and Loss Projection. Preparation of the information is summarized below and on the back of the form 1099.

Revenue (Sales)

* List the departments within the business. For example, if your business is appliance sales and service, the departments would include new appliances, used appliances, parts, in-shop service, on-site service.

* In the "Estimate" columns, enter a reasonable projection of monthly sales for each department of the business. Include cash and on-account sales. In the "Actual" columns, enter the actual sales for the month as they become available.

* Exclude from the Revenue section any revenue not strictly related to the business.

Cost of Sales

* Cite costs by department of the business, as above.

* In the "Estimate" columns, enter the cost of sales estimated for each month for each department. For product inventory, calculate the cost of the goods sold for each department (beginning inventory plus purchases and transportation costs during the month minus the inventory). Enter "Actual" costs each month as they accrue.

Gross Profit

* Subtract the total cost of sales from the total revenue.

Expenses

* Salary Expenses: Base pay plus overtime.

* Payroll Expenses: Include paid vacations, sick leave, health insurance, unemployment insurance, Social Security taxes.

* Outside Services: Include costs of subcontracts, overflow work farmed-out, special or one-time services.

* Supplies: Services and items purchased for use in the business, not for resale.

* Repairs and Maintenance: Regular maintenance and repair, including periodic large expenditures, such as painting or decorating.

* Advertising: Include desired sales volume, classified directory listing expense, etc.

* Car, Delivery and Travel: Include charges if personal car is used in the business. Include parking, tolls, mileage on buying trips, repairs, etc.

* Accounting and Legal: Outside professional services.

* Rent: List only real estate used in the business.

* Telephone.

* Utilities: Water, heat, light, etc.

* Insurance: Fire or liability on property or products, worker's compensation.

* Taxes: Inventory, sales, excise, real estate, others.

* Interest.

* Depreciation: Amortization of capital assets.

* Other Expenses (specify each): Tools, leased equipment, etc.

* Miscellaneous (unspecified): Small expenditures without separate accounts.

Net Profit

* To find net profit, subtract total expenses from gross profit.

The Pro Forma Statement of Income, prepared on a monthly basis and culminating in an annual projection for the next business fiscal year, should be revised not less than quarterly. It must reflect the actual performance achieved in the immediately preceding three months to ensure its continuing usefulness as one of the two most valuable planning tools available to management.

Should the Pro Forma reveal that the business will likely not generate a profit from operations, plans must immediately be developed to identify what to do to at least break even--increase volume, decrease expenses, or put more owner capital in to pay some debts and reduce interest expenses.

Break-Even Analysis

"Break-Even" means a level of operations at which a business neither makes a profit nor sustains a loss. At this point, revenue is just enough to cover expenses. Break-Even Analysis enables you to study the relationship of volume, costs, and revenue.

Break-Even requires the business owner/manager to define a sales level--either in terms of revenue dollars to be earned or in units to be sold within a given accounting period--at which the business would earn a before tax net profit of zero. This may be done by employing one of various formula calculations to the business estimated sales volume, estimated fixed costs, and estimated variable costs.

Generally, the volume and cost estimates assume the following conditions:

* A change in sales volume will not affect the selling price per unit;

* Fixed expenses (rent, salaries, administrative and office expenses, interest, and depreciation) will remain the same at all volume levels; and

* Variable expenses (cost of goods sold, variable labor costs including overtime wages and sales commissions) will increase or decrease in direct proportion to any increase or decrease in sales volume.

Two methods are generally employed in Break-Even Analysis, depending on whether the break-even point is calculated in terms of sales dollar volume or in number of units that must be sold.

Break-Even Point in Sales Dollars

The steps for calculating the first method are shown below:

1. Obtain a list of expenses incurred by the company during its past fiscal year.

2. Separate the expenses listed in Step 1 into either a variable or a fixed expense classification. (See Figure 4-1, below, under "Classification of Expenses.")

3. Express the variable expenses as a percentage of sales. In the condensed income statement (Figure 4-1) of the Small Business Specialties Co. (below), net sales were $1,200,000. In Step 2, variable expenses were found to amount to $720,000. Therefore, variable expenses are 60 percent of net sales ($720,000 divided by $1,200,000). This means that 60 cents of every sales dollar is required to cover variable expenses. Only the remainder, 40 cents of every dollar, is available for fixed expenses and profit.

4. Substitute the information gathered in the preceding steps in the following basic break-even formula to calculate the breakeven point.

Figure 4-1

THE SMALL-BUSINESS SPECIALTIES CO.
Condensed Income Statement
For year ending Dec. 31, 19-

Net sales (60,000 units @ $20 per unit)..........................		$1,200,000
Less cost of goods sold:		
Direct material............................	$195,000	
Direct labor...............................	215,000	
Manufacturing expenses (Schedule A).........	300,000	
Total...		710,000
Gross profit...		490,000
Less operating expenses:		
Selling expenses (Schedule B)...............	$200,000	
General and administrative expenses (Schedule C).............................	210,000	
Total...		410,000
Net Income...		$ 80,000

Supporting Schedules of Expenses Other Than Direct Material and Labor

	Total	Schedule A manufacturing expenses	Schedule B selling expenses	Schedule C general and administrative expenses
Rent.................	$ 60,000	$ 30,000	$ 8,000	$ 22,000
Insurance............	11,000	9,000	1,000	1,000

Commissions..........	120,000	....	120,000	....
Property tax.........	12,000	10,000	1,000	1,000
Telephone............	7,000	1,000	5,000	1,000
Depreciation.........	80,000	70,000	5,000	5,000
Power................	100,000	100,000	....	....
Light................	60,000	30,000	10,000	20,000
Officers' salaries...	260,000	50,000	50,000	160,000
Total...........	$710,000	$300,000	$200,000	$210,000

Classification of Expenses

	Total	Variable	Fixed
Direct material..................	$ 195,000	195,000	....
Direct labor......................	215,000	215,000	....
Manufacturing expenses............	300,000	100,000	$200,000
Selling expenses..................	200,000		50,000
General and admin. expenses.......	210,000	60,000	150,000
Total........................	$1,120,000	$720,000	$400,000

Where: S = F + V (Sales at the break-even point)
F = Fixed expenses
V = Variable expenses expressed as a percentage of sales.

This formula means that when sales revenues equal the fixed expenses and variable expenses incurred in producing the sales revenues, there will be no profit or loss. At this point, revenue from sales is just sufficient to cover the fixed and the variable expenses. In this formula "S" is the break even point.

For the Small Business Specialties Co., the break-even point (using the basic formula and data from Figure 4-2) may be calculated as follows:

S = F + V
S = $400,000 + 0.605
10S = $4,000,000 + 6S
10S - 6S = $4,000,000
4S = $4,000,000
S = $1,000,000

Proof that this calculation is correct follows:

Sales at break-even point per calculation	$1,000,000
Less variable expenses (60 percent of sales)	600,000
Marginal income	400,000
Less fixed expenses	400,000
Equals neither profit nor loss	$ 0

Modification: Break-Even Point to Obtain Desired Net Income.

The first break-even formula can be modified to show the dollar sales required to obtain a certain amount of desired net income. To do this, let "S" mean the sales required to obtain a certain amount of net income, say $80,000. The formula then reads:

$$S = F + V + \text{Desired Net Income}$$
$$S = \$400{,}000 + 0.60S + \$80{,}000$$
$$10S = \$4{,}000{,}000 + 6S + 800{,}000$$
$$4S = \$4{,}800{,}000$$
$$S = \$1{,}200{,}000$$

Break-Even Point in Units to be Sold

You may want to calculate the break-even point in terms of units to be sold instead of sales dollars. If so, a second formula (in which "S" means units to be sold to break even) may be used:

$$\text{Break-even Sales (S = Units)} = \frac{\text{Fixed expenses}}{\text{Unit sales price - Unit variable expenses}}$$

$$S = \frac{\$400{,}000}{\$20 - \$12} = \frac{\$400{,}000}{\$8}$$

$$S = 50{,}000 \text{ units}$$

The Small Business Specialties Co. must sell 50,000 units at $20 per unit to break even under the assumptions contained in this illustration. The sale of 50,000 units at $20 each equals $1 million, the break-even sales volume in dollars calculated in the basic formula. This formula indicates there is $8 per unit of sales that can be used to cover the $400,000 fixed expense. Then $400,000 divided by $8 gives the number of units required to break even.

Modification: Break-Even Point in Units to be Sold to Obtain Desired Net Income.

The second formula can be modified to show the number of units required to obtain a certain amount of net income. In this case, let S mean the number of units required to obtain a certain amount of net income, again say $80,000. The formula then reads as follows:

$$S = \frac{\text{Fixed expenses + Net income}}{\text{Unit sales price - Unit variable expense}}$$

$$S = \frac{\$400{,}000 + \$80{,}000}{\$20 - \$12} = \frac{\$480{,}000}{\$8}$$

$$S = 60{,}000 \text{ units}$$

Break-even Analysis may also be represented graphically by charting the sales dollars or sales units required to break even as in Figure 4-2, below.

Remember: Increased sales do not necessarily mean increased profits. If you know your company's break-even point, you will know how to price your product to make a profit. If you cannot make an acceptable profit, alter or sell your business before you lose your retained earnings.

V. Cash Flow Management: Budgeting and Controlling Costs

If there is anything more important to the successful financial management of a business than the thorough, thoughtful preparation of Pro Forma Income Statements, it is the preparation of the Cash Flow Statement, sometimes called the Cash Flow Budget.

The Cash Flow Statement

The Cash Flow Statement identifies when cash is expected to be received and when it must be spent to pay bills and debts. It shows how much cash will be needed to pay expenses and when it will be needed. It also allows the manager to identify where the necessary cash will come from. For example, will it be internally generated from sales and the collection of accounts receivable--or must it be borrowed? (The Cash Flow Projection deals only with actual cash transactions; depreciation and amortization of good will or other non-cash expense items are not considered in this Pro Forma.)

The Cash Flow Statement, based on management estimates of sales and obligations, identifies when money will be flowing into and out of the business. It enables management to plan for shortfalls in cash resources so short term working capital loans may be arranged in advance. It allows management to schedule purchases and payments in a way that enables the business to borrow as little as possible. Because all sales are not cash sales management must be able to forecast when accounts receivable will become "cash in the bank" and when expenses--whether regular or seasonal--must be paid so cash shortfalls will not interrupt normal business operations.

The Cash Flow Statement may also be used as a Budget, permitting the manager increased control of the business through continuous comparison of actual receipts and disbursements against forecast amounts. This comparison helps the small business owner identify areas for timely improvement in financial management.

By closely watching the timing of cash receipts and disbursements, cash balance on hand, and loan balances, management can readily identify such things as deficiencies in collecting receivables, unrealistic trade credit or loan repayment schedules. Surplus cash that may be invested on a short-term basis or used to reduce debt and interest expenses temporarily can be recognized. In short, it is the most valuable tool management has at its disposal to refine the day-to-day operation of a business. It is an important financial tool bank lenders evaluate when a business needs a loan, for it demonstrates not only how large a loan is required but also when and how it can be repaid.

A Cash Flow Statement or Budget can be prepared for any period of time. However, a one-year budget matching the fiscal year of your business is recommended. As in the preparation and use of the Pro Forma Statement of Income, the projected Cash Flow Statement should be prepared on a monthly basis for the next year. It should be revised not less than quarterly to reflect actual performance in the preceding three months of operations to check its projections.

In preparing the Cash Flow Statement or Budget start with the sales budget. Other budgets are related directly or indirectly to this budget. The following is a sales forecast in units:

Sales Budget--Units For the Year Ended December 31, 19__

Territory	Total	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
East....................	26,000	5,000	6,000	7,000	8,000
West....................	11,000	2,000	2,500	3,000	3,500
	37,000	7,000	8,500	10,000	11,500

Assume you sell a single product and the sales price for it is $10. Your sales budget in terms of dollars would look like this:

Sales Budget--Dollars For the Year Ended December 31, 19__

Territory	Total	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
East......................	$260,000	$50,000	$80,000	$ 70,000	$ 80,000
West......................	110,000	20,000	25,000	30,000	35,000
	$370,000	$70,000	$85,000	$100,000	$115,000

Say the estimated per unit cost of the product is $1.50 for direct material, $2.50 for direct labor, and $1.00 for manufacturing overhead. By applying unit costs to the sales budget in units, you would come out with this budget:

Cost of Goods Sold Budget For the Year Ended December 31, 19__

	Total	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Direct material......	$ 55,500	$10,500	$12,750	$15,000	$17,250
Direct labor.........	92,500	17,500	21,250	25,000	28,750
Mfg. overhead........	37,000	7,000	8,500	10,000	11,500
	$185,000	$35,000	$42,500	$50,000	$57,500

Later on, before a cash budget can be compiled, you will need to know the estimated cash requirements for selling expenses. Therefore, you prepare a budget for selling expenses and another for cash expenditures for selling expenses (total selling expenses less depreciation):

Selling Expenses Budget For the Year Ended December 31 19__

	Total	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Commissions.............	$46,500	$ 8,750	$10,625	$12,500	$14,375
Rent....................	9,250	1,750	2,125	2,500	2,875
Advertising.............	9,250	1,750	2,125	2,500	2,875
Telephone...............	4,625	875	1,062	1,250	1,437
Depreciation--office....	900	225	225	225	225
Other...................	22,250	4,150	5,088	6,025	6,983
	$92,500	$17,500	$21,250	$25,000	$28,750

Selling Expenses Budget--Cash Requirements For the Year Ended December 31, 19__

	Total	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Total selling expenses..	$92,500	$17,500	$21,250	$25,000	$28,750
Less: depreciation...... expense--office.........	900	225	225	225	225
Cash requirements.......	$91,600	$17,275	$21,025	$24,775	$28,525

Basic information for an estimate of administrative expenses for the coming year is easily compiled. Again, from that budget you can estimate cash requirements for those expenses to be used subsequently in preparing the cash budget.

Administrative Expenses Budget For the Year Ended December 31, 19___

	Total	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Salaries.................	$22,200	$4,200	$5,100	$ 6,000	$ 6,900
Insurance................	1,850	350	425	500	575
Telephone................	1,850	350	425	500	575
Supplies.................	3,700	700	850	1,000	1,150
Bad debt expenses........	3,700	700	850	1,000	1,150
Other expenses...........	3,700	700	850	1,000	1,150
	$37,000	$7,000	$8,500	$10,000	$11,500

Administrative Expenses Budget--Cash Requirements
For the Year Ended December 31, 19___

	Total	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Estimated adm. expenses...	$37,000	$7,000	$8,500	$10,000	$11,500
Less: bad debt expenses...	3,700	700	850	1,000	1,150
Cash requirements.........	$33.300	$6,500	$7,650	$ 9,000	$10,350

Now, from the information budgeted so far, you can proceed to prepare the budget income statement. Assume you plan to borrow $10,000 at the end of the first quarter. Although payable at maturity of the note, the interest appears in the last three quarters of the year. The statement will resemble the following:

Budgeted Income Statement For the Year Ended December 31, 19___

	Total	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Sales..................	$370,000	$70,000	$85,000	$100,000	$115,000
Cost of goods sold......	185,000	35,000	42,500	50,000	57,500
Gross Margin............	$185,000	$35,000	$42,500	$ 50,000	$ 57,500
Operating expenses:					
Selling................	$ 92,500	$17,500	$21,250	$ 25,000	$ 28,750
Administrative.........	37,000	7,000	8,500	$ 10,000	$ 11,500
Total................	$129,500	$24,500	$29,750	$ 35,000	$ 40,250
Net income from operations........	$ 55,500	$10,500	$12,750	$ 15,000	$ 17,250
Interest expense.......	450		150	150	150
Net income before Income taxes...........	$ 55,050	$10,500	$12,600	$ 14,850	$ 17,100
Federal income tax.....	27,525	5,250	6,300	7,425	8,550
Net income.............	$ 27,525	$ 5,250	$ 6,300	$ 7,425	$ 8,550

Estimating that 90 percent of your account sales is collected in the quarter in which they are made, that 9 percent is collected in the quarter following the quarter in which the sales were made, and that 1 percent of account sales is uncollectible, your accounts receivable budget of collections would look like this:

Budget of Collections of Accounts Receivable For the Year Ended December 31, 19___

	Total (net)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
4th Quarter Sales 19-0...	$ 6,000	$ 6,000			
1st Quarter Sales 19-1...	69,300	63,000	$ 6,300		
2nd Quarter Sales 19-1...	84,150		76,500	$ 7,650	
3rd Quarter Sales 19-1...	99,000			90,000	$ 9,000
4th Quarter Sales 19-1...	103,500				103,500
	$361,950	$69,000	$82,800	$97,650	$112,500

Going back to the sales budget in units, now prepare a production budget in units. Assume you have 2,000 units in the opening inventory and want to have on hand at the end of each quarter the following quantities: 1st quarter, 3,000 units; 2nd quarter, 3,500 units; 3rd quarter, 4,000 units; and 4th quarter, 4,500 units.

Production Budget--Units For the Year Ended December 31, 19___

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Sales requirements...........	7,000	8,500	10,000	11,500
Add: ending inventory requirements......	3,000	3,500	4,000	4,500
Total requirements..........	10,000	12,500	14,000	16,000
Less: beginning inventory..................	2,000	3,000	3,500	4,000
Production requirements...............	8,000	9,000	10,500	112,000

Next, based on the production budget, prepare a budget to show the purchases needed during each of the four quarters. Expressed in terms of dollars, you do this by taking the production and inventory fires and multiplying them by the cost of material (previously estimated at $1.50 per unit). You could prepare a similar budget expressed in units.

Budget of Direct Materials Purchases For the Year Ended December 31, 19___

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Required for production........	$12,000	$13,500	$15,750	$18,000
Required for ending inventory..	4,500	52,250	6,000	6,750
Total.......................	$16,500	$18,750	$21,750	$24,750
Less: beginning inventory......	3,000	4,500	5,250	6,000
Required purchases............	$13,500	$14,250	$16,500	$18,750

Now suppose you pay 50 percent of your accounts in the quarter of the purchase and 50 percent in the following quarter. Carryover payables from last year were $5,000. Further, you always take the purchase discounts as a matter of good business policy. Since net purchases (less discount) were figured into the $1.50 cost estimate, purchase discounts do not appear in the budgets. Thus your payment on purchases budget will come out like this:

Payment on Purchases Budget For the Year Ended December 31, 19___

	Total	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
4th Quarter Sales 19-0...	$ 5,000	$ 5,000			
1st Quarter Sales 19-1...	13,500	6,750	$ 6,750		
2nd Quarter Sales 19-1...	14,250		7,125	$ 7.125	
3rd Quarter Sales 19-1...	16,500			8,250	$ 8,250
4th Quarter Sales 19-1...	9,375				9,375
Payments by Quarters	$58,625	$11,750	$13,875	$15,375	$17,625

Taking the data for quantities produced from the production budget in units, calculate the direct labor requirements on the basis of units to be produced. (The number and cost of labor hours necessary to produce a given quantity can be set forth in supplemental schedules.)

Direct Labor Budget--Cash Requirements For the Year Ended December 31, 19__

	Total	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Quantity................	39,500	8,000	9,000	10,500	12,000
Direct labor cost.......	$98,750	$20,000	$22,500	$26,250	$30,000

Now outline the items that comprise your factory overhead, and prepare a budget like the following:

Manufacturing Overhead Budget For the Year Ended December 31, 19___

	Total	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Heat and power..........	$10,000	$1,000	$2,500	$ 3,000	$ 3,500
Factory supplies........	5,300	1,000	1,500	1,800	1,000
Property taxes..........	2,000	500	500	500	500
Depreciation............	2,800	700	700	700	700
Rent....................	8,000	2,000	2,000	2,000	2,000
Superintendent..........	9,400	2,800	1,800	2,500	4,300
	$39,500	$8,000	$9,000	$10.500	$12,000

Figure the cash payments for manufacturing overhead by subtracting depreciation, which requires no cash outlay, from the totals above, and you will have the following breakdown:

Manufacturing Overhead Budget--Cash Requirements
For the Year Ended December 31, 19___

	Total	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Productions--units......	39,500	8,000	9,000	10,500	12,000
Mfg.overhead expenses...	$39,500	$8,000	$9,000	$10,500	$12,000
Less: depreciation......	2,800	700	700	700	700
Cash requirements.......	$36,700	$7,300	$8,300	$ 9,800	$11,300

Now comes the all important cash budget. You put it together by using the Collection of Accounts Receivable Budget; Selling Expenses Budget--Cash Requirements; Administrative Expenses Budget--Cash Requirements; Payment of Purchases Budget; Direct Labor Budget--Cash Requirements; and Manufacturing Budget--Cash Requirements.

Take $15,000 as the beginning balance, and assume that dividends of $20,000 are to be paid in the fourth quarter.

Cash Budget For the Year Ended December 31, 19___

	Total	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Beginning cash balance	$ 15,000	$15,000	$ 3,850	$ 13,300	$ 25,750
Cash collections	361,950	69,000	82,800	97,650	112,500
Total	$376,950	$84,000	$86,650	$110,950	$138,250
Cash payments					
Purchases	$ 58,625	$11,750	$13,875	$ 15,375	$ 17,625
Direct labor	98,750	20,000	22,500	26,250	30,000
Mfg. overhead	38,700	7,300	8,300	9,800	11,300
Selling expense	91,600	17,275	21,025	24,775	28,525
Adm. expenses	33,300	6,300	7,650	9,000	10,350
Federal income tax	27,525	27,525			
Dividends	20,000			20,000	
Interest expenses	450			450	
Loan repayment	10,000			10,000	
Total	$376,950	$90,150	$73,350	$ 85,200	$128,250
Cash deficiency		($ 6,150)			
Bad loan received	10,000	10,000			
Ending cash balance	$ 10,000	$ 3,850	$13,300	$ 25,750	$ 10,000

Now you are ready to prepare a budget balance sheet. Take the account balances of last year and combine them with the transactions reflected in the various budgets you have compiled. You will come out with a sheet resembling this:

Budgeted Balance Sheet December 31, 19___
Assets

	19___	19___
Current assets:		
Cash	$ 10,000	$ 15,000
Accounts receivable	11,500	6,666
Less: allowance for doubtful accounts	(1,150)	(666)
Inventory:		
Raw materials	6,750	3,000
Finished goods	22,500	10,000
Total current assets	$ 49,600	34,000
Fixed assets:		
Land	$ 50,000	$ 50,000
Building	148,000	148,000
Less: allowance for depreciation	(37,000)	(33,000)
Total fixed assets	$161,100	$164,700
Total assets	$210,600	$198,700

Liabilities and Shareholders' Equity

Current liabilities:

Account payable	$ 9,375	$ 5,000
Shareholders' equity:		
Capital stock (10,000 shares; $10 par value)	$100,000	$110,000
Retained earnings	101,225	93,700
	$201,225	$193,700
Total liabilities and shareholders' equity	$210,600	$198,700

In order to make the most effective use of your budgets to plan profits, you will want to establish reporting devices. Throughout the time span you have set, you need periodic reports and reviews on both efforts and accomplishments. These let you know whether your budget plan is being attained and help you keep control throughout the process. It is through comparing actual performance with budgeted projections that you maintain control of the operations.

Your company should be structured along functional lines, with well identified areas of responsibility and authority. Then, depending upon the size of your company, the budget reports can be prepared to correspond with the organizational structure of the company.

Two typical budget reports are shown below to demonstrate various forms these reports may take.

Report of Actual and Budgeted Sales For the Year Ended December 31, 19___

	Actual sales	Budgeted sales	Variations from budget (under) Quarterly	Cumulative
1st Quarter	$	$	$	$
2nd Quarter				
3rd Quarter				
4th Quarter				

Budgeted Report on Selling Expenses For the Year Ended December 31, 19___

Budget This Month	Actual This Month	Variation This Month	Budget Year to Date	Actual Year to Date	Variations Year to Date	Remarks

Remember, the Cash Flow Statement used as the business's Budget allows the owner/manager to anticipate problems rather than react to them after they occur. It permits comparison of actual receipts and disbursements against projections to identify errors in the forecast. If cash flow is analyzed monthly, the manager can correct the cause of the error before it harms profitability.

VI. Pricing Policy

Identifying the actual cost of doing business requires careful and accurate analysis. No one is expected to calculate the cost of doing business with complete accuracy. However, failure to calculate all actual costs properly to ensure an adequate profit margin is a frequent and often overlooked cause of business failure.

Establishing Selling Prices

The costs of raw materials, labor, indirect overhead, and research and development must be carefully studied before setting the selling price of items offered by your business. These factors must be regularly re-evaluated, as costs fluctuate.

Regardless of the strategies employed to maximize profitability, the method of costing products offered for resale is basic. It involves four major categories:

* Direct Material Costs
* Direct Labor Costs
* Overhead Expenses
* Profit Desired

Combining these factors allows you to calculate an item's minimum sales price, which is described below:

1. Calculate your Direct Material Costs. Direct material costs are the total cost of all raw materials used to produce the item for sale. Divide this total cost by the number of items produced from these raw materials to derive the Total Direct Materials Cost Per Item.

2. Calculate your Direct Labor Costs. Direct labor costs are the wages paid to employees to produce the item. Divide this total direct labor cost by the total number of items produced to get the Total Direct Labor Cost Per Item.

3. Calculate your Total Overhead Expenses. Overhead expenses include rent, gas and electricity, telephone, packing and shipping, delivery and freight charges, cleaning expenses, insurance, office supplies, postage, repairs and maintenance, and the manager's salary. In other words, all operating expenses incurred during the same time period that you used for calculating the costs above (one year, one quarter, or one month). Divide the Total Overhead Expense by the number of items produced for sale during that same time period to get the Total Overhead Expense Per Item.

4. Calculate Total Cost Per Item. Add the Total Direct Material Cost Per Item, the Total Direct Labor Cost Per Item, and the Total Overhead Expense Per Item to derive the Total Cost Per Item.

5. Calculate the Profit Per Item. Now, calculate the profit you determine appropriate for each category of item offered for sale based on the sales and profit strategy you have set for your business.

6. Calculate the Total Price Per Item. Add the Profit Figure Per Item to

the Total Cost Per Item.

A Pricing Example

You produce skirts that take 1 1/2 yards of fabric per skirt, and you can manufacture three skirts per day. The fabric costs $2.00 per yard. The normal work week is five days. If you complete three skirts per day, your week's production is 15 skirts.

1. Calculate Direct Materials Cost

Materials	Cost
Fabric for 1 week's production: 15 skirts x 1 1/2 yds. each = 22 1/2 yds. x $2 per yd.	$45.00
Linings, interfacings, etc.: $.50 per skirt x 15 skirts	7.50
Zippers, buttons, snaps: $.50 per skirt x 15 skirts	7.50
Belts, ornaments, etc.: $.75 per skirt x 15 skirts	11.25
Notions, seam binding, etc.: 1 week's supply	5.00
	ÄÄÄÄÄÄ
Total Direct Materials Cost:	$76.25 per week

Total Direct Materials Cost per week = $5.08 Direct Materials
------------------------------------ Cost per skirt
15 skirts per week

2. Calculate Direct Labor Costs

Wages paid to employees = $100.00 per week

Total Direct Labor Cost per week = $6.67 Direct Labor Cost
-------------------------------- per skirt
15 skirts

3. Calculate Overhead Expenses Per Month

Overhead Expenses	Monthly Expenses
Owner's Salary	$400.00
Rent	100.00
Electricity	24.00
Telephone	12.00
Insurance	15.00
Cleaning	20.00
Packing Materials and Supplies	15.00
Delivery and Freight	20.00
Office Supplies, Postage	10.00
Repairs and Maintenance	15.00

Payroll Taxes	5.00
Total Monthly Overhead Expenses:	$636.00

15 skirts per week x 4 weeks in one month = 60 skirts per month.

Total Monthly Overhead Expenses = $10.60 Overhead Cost
------------------------------- per skirt
60 skirts per month

4. Calculate the Total Cost per Skirt by adding the total individual costs per skirt calculated in the three preceding steps.

Total Direct Material Cost per Skirt	$ 5.08
Total Direct Labor Cost per Skirt	6.67
Total Overhead Expense per Skirt	10.60
TOTAL COST PER SKIRT	$22.35

5. Assume you want to make a profit of $5.00 per skirt.

6. Calculate the Total Price Per Item:

Total Cost per Skirt	$22.35
Total Profit per Skirt	5.00
Total Selling Price Per Skirt	$27.35

The Retailer's Mark-Up

A word of caution is in order regarding the popular but misunderstood pricing method known as retailers mark-up. Retail mark-up means the amount added to the price of an item to arrive at the retail sales price, either in dollars or as a percentage of the cost.

For example, if a single item costing $8.00 is sold for $12.00 it carries a mark-up of $4.00 or 50 percent. If a group of items costing $6,000 is offered for $10,000, the mark-up is $4,000 or 66 2/3 percent. While in these illustrations the mark-up percentage appears generally to equal the gross margin percentages, the mark-up is not the same as the gross margin. Adding mark-up to the price merely to simplify pricing will almost always adversely affect profitability.

To demonstrate, assume a manager determines from past records that the business's operating expenses average 29 percent of sales. She decides that she is entitled to a profit of 3 percent. So she prices her goods at a 32 percent gross margin, in order to earn a 3 percent profit after all operating expenses are paid. What she fails to realize, however, is that once the goods are displayed, some may be lost through pilferage. Others may have to be marked down later in order to sell them, or employees may purchase some of them at a discount. Therefore, the total reductions (mark-downs, shortages, discounts) in the sales price realized from selling all the inventory actually add up to an annual average of six percent of total sales. To correctly calculate the necessary mark-up required to yield a 32 percent gross margin, these reductions to inventory must be anticipated and added into its selling price. Using the formula:

$$\text{Initial Mark-up} = \frac{\text{Desired Gross Margin} + \text{Retail Reductions}}{100\text{ Percent} + \text{Retail Reductions}}$$

$$\frac{32\text{ percent} + 6\text{ percent}}{100\text{ percent} + 6\text{ percent}} = \frac{38\text{ percent}}{106\text{ percent}} = 35.85\text{ percent}$$

To obtain the desired gross margin of 32 percent, therefore, the retailer must initially mark up his inventory by nearly 36 percent.

Pricing Policies and Profitability Goals

Break-Even Analysis, discussed in Chapter IV, and Return on Investment, described in Chapter III, should be reviewed at this time. Remember, all costs (direct and indirect), the break-even point, desired profit, and the methods of calculating sales price from these factors must be thoroughly studied when you establish pricing policies and profitability goals. They should be understood before you offer items for sale because an omission or error in these calculations could make the difference between success and failure.

Selling Strategy

Proper product pricing is only one facet of overall planning for profitability. A second major factor to be determined once costs, break-even point, and profitability goals have been analyzed, is the selling strategy. Three sales planning approaches are used (often concurrently) by businesses to develop final pricing policies, as they strive to compete successfully.

In the first, employed as a short-term strategy in the earliest stages of a business, the owner/manager sells products at such low prices that the business only breaks even (no profit), while trying to attract future steady customers. As volume grows, the owner/manager gradually builds in the profit margin necessary to achieve the targeted Return on Investment.

"Loss leaders" are a second strategy practiced in both developing and mature business. While a few items are sold at a loss, most goods are priced for healthy profits. The hope is that while customers are in the store to purchase the low-price items, they will also buy enough other goods to make the seller's overall profitability higher than if he had not used "come-ons." The seller wants to maximize total profit and can sacrifice profit on a few items to achieve that goal.

The third strategy recognizes that maximum profit does not result only from selling goods at relatively high profit margins. The relationship of volume, price, cost of merchandise, and operational expenses determines profitability. Price increases may result in fewer sales and decreased profits. Reductions in prices, if sales volume is substantially increased, may produce satisfactory profits.

There is no arbitrary rule about this. It is perfectly possible for two stores, with different pricing structures to exist side by side and both be successful. It is the owner/manager's responsibility to identify and understand the market factors that affect his or her unique business circumstances. The level of service (delivery, availability of credit, store hours, product advice, and the like) may permit a business to charge higher prices in order to cover the costs of such services. Location, too, often permits a business to charge more, since customers are often willing to pay a premium for convenience.

The point is that many considerations go into setting selling prices. Some small businesses do not seek to compete on price at all, finding an un- or under-occupied market niche, which can be a more certain path to success. What is important is that all factors that affect pricing must be recognized and analyzed for their costs as well as their benefits.

VII. Forecasting and Obtaining Capital

Forecasting the need for capital, whether debt or equity, has already been discussed in Chapter V. This chapter looks at the types and uses of external capital and the usual sources of such capital.

Types and Sources of Capital

The capital to finance a business has two major forms: debt and equity. Creditor money (debt) comes from trade credit, loans made by financial institutions, leasing companies, and customers who have made prepayments on larger--frequently manufactured--orders. Equity is money received by the company in exchange for some portion of ownership. Sources include the entrepreneur's own money; money from family, friends, or other non-professional investors; or money from venture capitalists, Small Business Investment Companies (SBICs), and Minority Enterprise Small Business Investment Companies (MESBICs) both funded by the SBA.

Debt capital, depending upon its sources (e.g., trade, bank, leasing company, mortgage company) comes into the business for short or intermediate periods. Owner or equity capital remains in the company for the life of the business (unless replaced by other equity) and is repaid only when and if there is a surplus at liquidation of the business--after all creditors are repaid.

Acquiring such funds depends entirely on the business's ability to repay with interest (debt) or appreciation (equity). Financial performance (reflected in the Financial Statements discussed in Chapter II) and realistic, thorough management planning and control (shown by Pro Formas and Cash Flow Budgets), are the determining factors in whether or not a business can attract the debt and equity funding it needs to operate and expand.

Business capital can be further classified as equity capital, working capital, and growth capital. Equity capital is the cornerstone of the financial structure of any company. As you will recall from Chapter II, equity is technically the part of the Balance Sheet reflecting the ownership of the company. It represents the total value of the business, all other financing being debt that must be repaid. Usually, you cannot get equity capital--at least not during the early stages of business growth.

Working capital is required to meet the continuing operational needs of the business, such as "carrying" accounts receivable purchasing inventory, and meeting the payroll. In most businesses, these needs vary during the year, depending on activities (inventory build-up, seasonal hiring or layoffs, etc.) during the business cycle.

Growth capital is not directly related to cyclical aspects of the business. Growth capital is required when the business is expanding or being altered in some significant and costly way that is expected to result in higher and increased cash flow. Lenders of growth capital frequently depend on anticipated increased profit for repayment over an extended period of time, rather than expecting to be repaid from seasonal increases in liquidity as is the case of working capital lenders.

Every growing business needs all three types: equity, working, and growth capital. You should not expect a single financing program maintained for a short period of time to eliminate future needs for additional capital.

As lenders and investors analyze the requirements of your business, they will distinguish between the three types of capital in the following way: 1) fluctuating needs (working capital); 2) needs to be repaid with profits over a period of a few years (growth capital); and 3) permanent needs (equity capital).

If you are asking for a working capital loan, you will be expected to show how the loan can be repaid through cash (liquidity) during the business's next full operating cycle, generally a one year cycle. If you seek growth capital, you will be expected to show how the capital will be used to increase your business enough to be able to repay the loan within several years (usually not more than seven). If you seek equity capital, it must be raised from investors who will take the risk for dividend returns or capital gains, or a specific share of the business.

Borrowing Working Capital

Chapter II defined working capital as the difference between current assets and current liabilities. To the extent that a business does not generate enough money to pay trade debt as it comes due, this cash must be borrowed.

Commercial banks obviously are the largest source of such loans, which have the following characteristics: 1) The loans are short-term but renewable; 2) they may fluctuate according to seasonal needs or follow a fixed schedule of repayment (amortization); 3) they require periodic full repayment ("clean up"); 4) they are granted primarily only when the ratio of net current assets comfortably exceeds net current liabilities; and 5) they are sometimes unsecured but more often secured by current assets (e.g., accounts receivable and inventory). Advances can usually be obtained for as much as 70 to 80 percent of quality (likely to be paid) receivables and to 40 to 50 percent of inventory. Banks grant unsecured credit only when they feel the general liquidity and overall financial strength of a business provide assurance for repayment of the loan.

You may be able to predict a specific interval, say three to five months, for which you need financing. A bank may then agree to issue credit for a specific term. Most likely, you will need working capital to finance outflow peaks in your business cycle. Working capital then supplements equity. Most working capital credits are established on a one-year basis.

Although most unsecured loans fall into the one-year line of credit category, another frequently used type, the amortizing loan, calls for a fixed program of reduction, usually on a monthly or quarterly basis. For such loans your bank is likely to agree to terms longer than a year, as long as you continue to meet the principal reduction schedule.

It is important to note that while a loan from a bank for working capital can be negotiated only for a relatively short term, satisfactory performance can allow the arrangement to be continued indefinitely.

Most banks will expect you to pay off your loans once a year (particularly if they are unsecured) in perhaps 30 or 60 days. This is known as "the annual clean up," and it should occur when the business has the greatest liquidity. This debt reduction normally follows a seasonal sales peak when inventories have been reduced and most receivables have been collected.

You may discover that it becomes progressively more difficult to repay debt or "clean up" within the specified time. This difficulty usually occurs because: 1) Your business is growing and its current activity represents a considerable increase over the corresponding period of the previous year; 2) you have increased your short-term capital requirement because of new promotional programs or additional operations; or 3) you are experiencing a temporary reduction in profitability and cash flow.

Frequently, such a condition justifies obtaining both working capital and amortizing loans. For example, you might try to arrange a combination of a $15,000 open line of credit to handle peak financial requirements during the business cycle and $20,000 in amortizing loans to be repaid at, say $4,000 per quarter. In appraising such a request, a commercial bank will insist on justification based on past experience and future projections. The bank will want to know: How the $15,000 line of credit will be self-liquidating during the year (with ample room for the annual clean up); and how your business will produce increased profits and resulting cash flow to meet the schedule of amortization on the $20,000 portion in spite of increasing your business's interest expense.

Borrowing Growth Capital

Lenders expect working capital loans to be repaid through cash generated in the short-term operations of the business, such as, selling goods or services and collecting receivables. Liquidity rather than overall profitability supports such borrowing programs. Growth capital loans are usually scheduled to be repaid over longer periods with profits from business activities extending several years into the future. Growth capital loans are, therefore secured by collateral such as machinery and equipment, fixed assets which guarantee that lenders will recover their money should the business be unable to make repayment.

For a growth capital loan you will need to demonstrate that the growth capital will be used to increase your cash flow through increased sales, cost savings, and/or more efficient production. Although your building, equipment, or machinery will probably be your collateral for growth capital funds, you will also be able to use them for general business purposes, so long as the activity you use them for promises success. Even if you borrow only to acquire a single piece of new equipment, the lender is likely to insist that all your machinery and equipment be pledged.

Instead of bank financing a particular piece of new equipment, it may be possible to arrange a lease. You will not actually own the equipment, but you will have exclusive use of it over a specified period. Such an arrangement usually has tax advantages. It lets you use funds that would be tied up in the equipment, if you had purchased it. It also affords the opportunity to make sure the equipment meets your needs before you purchase it.

Major equipment may also be purchased on a time payment plan, sometimes called a Conditional Sales Purchase. Ownership of the property is retained by the seller until the buyer has made all the payments required by the contract. (Remember, however, that time payment purchases usually require substantial down payments and even leases require cash advances for several months of lease payments.)

Long-term growth capital loans for more than five but less than fifteen years are also obtainable. Real estate financing with repayment over many years on an established schedule is the best example. The loan is secured by the land and/or buildings the money was used to buy. Most businesses are best financed by a combination of these various credit arrangements.

When you go to a bank to request a loan, you must be prepared to present your company's case persuasively. You should bring your financial plan consisting of a Cash Budget for the next twelve months, Pro Forma Balance Sheets, and Income Statements for the next three to five years. You should be able to explain and amplify these statements and the underlying assumptions on which the figures are based. Obviously, your assumptions must be convincing and your projections supportable. Finally, many banks prefer statements audited by an outside accountant with the accountant's signed opinion that the statements were prepared in accordance with generally accepted accounting principles and that they fairly present the financial condition of your business.

If borrowing growth capital is necessary and no private conventional source can be found, the U.S. Small Business Administration (SBA) may be able to guarantee up to 90 percent of a local bank loan. By law, SBA cannot consider a loan application without evidence that the loan could not be obtained elsewhere on reasonable terms without SBA assistance. Even for such guaranteed loans, however, the borrower must demonstrate the ability to repay.

Borrowing Permanent Equity Capital

Permanent capital sometimes comes from sources other than the business owner/manager. Considered ownership contributions, they are different from "stockholders equity" in the traditional sense of the phrase. Small Business Investment Companies (SBIC's) licensed and financed by the Small Business Administration are authorized to provide venture capital to small business concerns. This capital may be in the form of secured and/or unsecured loans or debt securities represented by common and preferred stock.

Venture capital, another source of equity capital, is extremely difficult to define; however, it is high risk capital offered with the principal objective of earning capital gains for the investor. While venture capitalists are usually prepared to wait longer than the average investor for a profitable return, they usually expect in excess of 15 percent return on their investment. Often they expect to take an active part in determining the objectives of the business. These investors may also assist the small business owner/manager by providing experienced guidance in marketing, product ideas, and additional financing alternatives as the business develops. Even though turning to venture capital may create more bosses, their advice could be as valuable as the money they lend. Be aware, however, that venture capitalists are looking for businesses with real potential for growth and for future sales in the millions of dollars.

Figure 7-1
Financing Sources for Your Business

Equity (Sell part of company)
* Family, friends, and other non-professional investors
* Venture Capitalists
* Small Business Investment Companies (SBICs and MESBICs)

Personal Loans
* Banks
  - Unsecured loans (rare)
  - Loans secured by:
    Real Estate
    Stocks and Bonds
* Finance Companies
  - Loans secured by:
    Real Estate
    Personal Assets
* Credit Unions
  - Unsecured "signature" loans
  - Loans secured by:
    Real Estate (some credit unions)
    Personal Assets
* Savings and Loan Associations
  - Unsecured loans (rare)
  - Loans secured by Real Estate
* Mortgage Brokers and Private Investors
  - Loans secured by Real Estate
* Life Insurance Companies
  - Policy loans (borrow against cash value)

Business Loans

Loans

* Banks (short-term)
  - Unsecured loans (for established, financially sound companies only)
  - Loans secured by:
    Accounts Receivable
    Inventory
    Equipment
* Banks (long-term)
  - Loans secured by:
    Real Estate

- Loans guaranteed by:
  Small Business Administration (SBA)
  Farmers Home Administration (FmHA)
* Commercial Finance Companies
  - Loans secured by:
    Real Estate
    Equipment
    Inventory
    Accounts Receivable
* Life Insurance Companies
  - Loans secured by commercial Real Estate (worth at least $150,000)
* Small Business Administration (SBA)
  - Loans secured by:
    All available business assets
    All available personal assets
* Suppliers
  - Trade Credit
* Customers
  - Prepayment on orders

Leasing

* Banks
* Leasing Companies
  - Loans secured by:
    Equipment

Sales of Receivables (called "factoring")

(Source: The Business Store, Santa Rosa, California.)

Applying for Capital

Below is the minimum information you must make available to lenders and investors:

1. Discussion of the Business
   * Name, address, and telephone number.
   * Type of business you are in now or want to expand or start.

2. Amount of Money You Need to Borrow
   * Ask for all you will need. Don't ask for a part of the total and think you can come back for more later. This could indicate to the lender that you are a poor planner.

3. How You Will Use the Money
   * List each way the borrowed money will be used.
   * Itemize the amount of money required for each purpose.

4. Proposed Terms of the Loan
   * Include a payback schedule. Even though the lender has the final say in setting the terms of the loan, if you suggest terms, you will retain a negotiating position.

5. Financial Support Documents

   * Show where the money will come from to repay the loan through the

following projected statements:
- Profit and Loss Statements (one year for working capital loan requests and three to five years for growth capital requests)
- Cash Flow Statements (one year for working capital loan requests

and three to five years for growth capital requests)

6. Financial History of the Business
   * Include the following financial statements for the last three years:
   - Balance Sheet
   - Profit and Loss Statement
   - Accounts Receivable and Accounts Payable Listings and Agings

7. Personal Financial Statement of the Owner(s)
   * Personal Assets and Liabilities
   * Resume(s)

8. Other Useful information Includes
   * Letters of Intent from Prospective Customers
   * Leases or Buy/Sell Agreements Affecting Your Business
   * Reference Letters

Although it is not required, it is useful to calculate the ratios described in Chapter III for your business over the past three years. Use this information to prove the strong financial health and good trends in your business's development and to demonstrate that you use such management tools to plan and control your business's growth.

VIII. Financial Management Planning

Studies overwhelmingly identify bad management as the leading cause of business failure. Bad management translates to poor planning by management.

All too often, the owner is so caught up in the day-to-day tasks of getting the product out the door and struggling to collect receivables to meet the payroll that he or she does not plan. There never seems to be time to prepare Pro Formas or Budgets. Often new managers understand their products but not the financial statements or the bookkeeping records, which they feel are for the benefit of the IRS or the bank. Such overburdened owner/managers can scarcely identify what will affect their businesses next week, let alone over the coming months and years. But, you may ask, "What should I do? How can I, as a small business owner/manager, avoid getting bogged down? How can I ensure success?"

Success may be ensured only by focusing on all factors affecting a business's performance. Focusing on planning is essential to survival.

Short-term planning is generally concerned with profit planning or budgeting. Long-term planning is generally strategic, setting goals for sales growth and profitability over a minimum of three to five years.

The tools for short- and long-term plans have been explained in the previous chapters: Pro Forma Income Statements, Cash Flow Statements or Budgets, Ratio Analysis, and pricing considerations. The business's short-term plan should be prepared on a monthly basis for a year into the future, employing the Pro Forma Income Statement and the Cash Flow Budget.

Long-Term Planning

The long-term or strategic plan focuses on Pro Forma Statements of Income prepared for annual periods three to five years into the future. You may be asking yourself, "How can I possibly predict what will affect my business that far into the future?" Granted, it's hard to imagine all the variables that will affect your business in the next year, let alone the next three to five years. The key, however, is control--control of your business's future course of expansion through the use of the financial tools explained in the preceding chapters.

First determine a rate of growth that is desirable and reasonably attainable. Then employ Pro Formas and Cash Flow Budgets to calculate the capital required to finance the inventory, plant, equipment, and personnel needs necessary to attain that growth in sales volume. The business owner/manager must anticipate capital needs in time to make satisfactory arrangements for outside funds if internally generated funds from retained earnings are insufficient.

Growth can be funded in only two ways: with profits or by borrowing. If expansion outstrips the capital available to support higher levels of accounts receivable, inventory, fixed assets, and operating expenses, a business's development will be slowed or stopped entirely by its failure to meet debts as they become payable. Such insolvency will result in the business's assets being liquidated to meet the demands of the creditors. The only way to avoid this "outstripping of capital" is by planning to control growth. Growth must be understood to be controlled. This understanding requires knowledge of past financial performance and of the future requirements of the business.

These needs must be forecast in writing--using the Pro Forma Income Statement in particular--for three to five years in the future. After projecting reasonable sales volumes and profitability, use the Cash Flow Budget to determine (on a quarterly basis for the next three to five years) how these projected sales volumes translate into the flow of cash in and out of the business during normal operations. Where additional inventory, equipment, or other physical assets are necessary to support the sales forecast you must determine whether or not the business will generate enough profit to sustain the growth forecast.

Often, businesses simply grow too rapidly for internally generated cash to sufficiently support the growth. If profits are inadequate to carry the growth forecast, the owner/manager must either make arrangements for working growth capital to borrowed, or slow growth to allow internal cash to "catch up" and keep pace with the expansion. Because arranging financing and obtaining additional equity capital takes time, this need must be anticipated well in advance to avoid business interruption.

To develop effective long-term plans, you should do the following steps:

1. Determine your personal objectives and how they affect your willingness and ability to pursue financial goals for your business. This consideration, often overlooked, will help you determine whether or not your business goals fit your personal plans. For example, suppose you hope to become a millionaire by age 45 through your business but your long-term

strategic plan reveals that only modest sales growth and very slim profit margins on that volume are attainable in your industry. You must either adjust your personal goals or get into a different business. Long-range planning enables you to be realistic about the future of your personal and business expectations.

2. Set goals and objectives for the company (growth rates, return on investment direction as the business expands and mature). Express these goals in specific numbers, for example, sales growth of 10 percent a year, increases in gross and net profit margins of 2 to 3 percent a year, a return on investment of not less than 9 to 10 percent a year. Use these long-range plans to develop forecasts of sales and profitability and compare actual results from operations to these forecasts. If after these goals are established actual performance continuously falls short of target, the wise business owner will reassess both the realism of expectations and the desirability of continuing to pursue the enterprise.

3. Develop long-range plans that enable you to attain your goals and objectives. Focus on the strengths and weaknesses of your business and on internal and external factors that will affect the accomplishment of your goals. Develop strategies based upon careful analysis of all relevant factors (pricing strategies, market potential, competition, cost of borrowed and equity capital as compared to using only profits for expansions, etc.) to provide direction for the future of your business.

4. Focus on the financial, human, and physical requirements necessary to fulfill your plan by developing forecasts of sales, expenses, and retain earnings over the next three to five years.

5. Study methods of operation, product mix, new market opportunities, and other such factors to help identify ways to improve your company's productivity and profitability.

6. Revise, revise. Always use your most recent financial statements to adjust your short- and long-term plans. Compare your company's financial performance regularly with current industry data to determine how your results compare with others in your industry. Learn where your business may have performance weaknesses. Don't be afraid to modify your plans if your expectations have been either too aggressive or too conservative.

Planning is a perpetual process. It is the key to prosperity for your business.

For Further Information

U.S. Small Business Administration Publications

Business Development Booklets

The following booklets and other publications are available from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402. Write GPO to obtain SBA Order Form 115B, which lists publications and current prices.

Handbook of Small Business Finance--Small Business Management Series No. 15.

Ratio Analysis for Small Business--Small Business Management Series No. 20.

Guides for Profit Planning--Small Business Management Series No. 25.

Financial Control by Time-Absorption Analysis--Small Business Management Series No. 37.

Purchasing Management and Inventory Control for Small Business--Small Business Management Series No. 41.

Managing for Profits--Nonseries (GPO Stock No. 045-000-00206-3).

Business Development Pamphlets

Many pamphlets are available from the U.S. Small Business Administration for a small processing fee. Write SBA, P. O. Box 15434, Fort Worth, TX 76119 to request SBA Order Form 115A.

Other Sources

Retailing, Principles and Methods, Richard D. Irwin, Inc., Chicago, IL.

"Understanding Financial Statements," Small Business Reporter, 1980, Bank of America NT & SA, San Francisco, CA.

10) How To Obtain A Merchant's Credit Card Account

It's a proven fact that mail order marketers can increase sales substantially by offering their customers a credit card option.

Some marketers enjoy increases of 10% to 30% in sales when they get up with a Visa/Mastercard merchants account. Others have reported increases up to a whopping 100%, or even more!

If all of your sales are made by mail, you can expect to up your total sales by at least 10%, and more likely 15% to 30% simply by offering the credit card option. If you plan to use the telephone a great deal as a marketing tool, offering a credit card buying option could double or triple your sales.

Credit card buying is seductive. Many people like the option of buying something today that they won't have to pay for until later. Also, most consumers tend to spend more using their plastic, than when they're writing a check, or paying cash.

REASONS WHY YOU SHOULD BECOME A CREDIT CARD MERCHANT

There are many good reasons why you can benefit from securing credit card merchants status. Here are some of them...

* People with credit cards are more affluent than those without plastic. They can afford to spend more money.
* They tend to be better "credit risks", if you want to sell "open account."

* Overall, they buy more by mail than those without cards.

* You cannot effectively sell from commercials on radio or TV without offering credit card purchasing. Visa and Mastercard are by far, the cards most consumers have.

* They often will make credit card purchases even when they are short on cash, and/or when their checking account balance is low.

* You can sell on installments, obtaining permission to charge the buyer's card on a monthly basis.

* You can ship goods with the secure knowledge that payment has been secured before shipment is made.

THE PROBLEM

By now, you're probably convinced that accepting credit card orders is a darn good idea. But how can you obtain credit card

****Special Feature****

Terry Dean's Internet Cashflow System

If you do not know who Terry Dean is, here's a brief introduction :

"Terry is considered one of the top small business Internet consultants in the world today. He currently earns well into six figures a year while living what he likes to call the "Internet Lifestyle" (working only 20 to 30 hours a week). His entire business runs almost completely on auto-pilot. Terry shows people why the biggest problem you will run into online will not be a lack of money or a lack of time……but your biggest hindrance will be the world of misinformation concerning just how easy it is to build an Internet business.
You don't need a lot of money or a lot of time to build multiple streams of automatic Internet income, but you do need the right information. "

The Internet Cashflow System, developed by Terry is a complete turnkey system that literally transform your PC into a cash machine. He teaches you how to develop a winning marketing system, to automate most of your routine marketing chores and most importantly how to make money online with a proven system. He also offers an affiliate program that pays 50% of the selling price of $97.

But what's crazy about this offer is that Terry will **DOUBLE** your money back guarantee if you are not satisfied within a 365 day period!

Check it out now.

If you still doubtful, then get a feel of Terry's marketing genius by sending a blank email to astrowhiz@getresponse.com for a **free course** entitled :

"115 Internet Marketing Techniques to Blast Your Competitors Out of the Water!"

Contact : webmaster@astrowhiz.com

http://www.astrowhiz.com

merchants status? Truth is, it's not always a piece of cake. In recent years banks have been playing hard-ball with many business people, especially anyone doing business by mail. It's the same old story, a handfull of mail order crooks have almost totally screwed-up a good thing for honest dealers. The major credit card companies have told the banks to be very, very selective in issuing merchant accounts to mail order sellers and home business operators.

Because a few scum-bags have ripped off some banks, and run off with the money, your local friendly banker may not be too "friendly" when you tell him you want a merchants account. It has become increasingly more difficult for mail order sellers to secure a merchants account, and if you only sell by mail, but also do consider setting you up for Visa and Mastercard processing. That happens to be reality...but always remember WHERE THERE IS A WILL THERE MUST BE A WAY! In this special valuable report I'm going to cover some of the best way to obtain your merchant's status.

THE BEST WAY TO OBTAIN YOUR MERCHANT ACCOUNT

Although your banker may have already told you that they "cannot" accept you for a merchant account, the simple, unvarnished truth is that he/she can. Visa and Mastercard do set some rigid guidelines for their affiliated banks to follow, but ultimately the banks must approve or disapprove each application. Excuses concerning "doing business by mail", "operating a home-based business", "not having a long business track record", are just that-excuses! A somewhat polite way to tell you "no"!

Could a mail order businessman, (books, home-study courses, etc.) but how also conducts his business exclusively in his home get a Merchant Account? Fat chance of him getting a merchants account. Right? Wrong: He happily processes credit card orders for his customers will full knowledge and cooperation from his bank. How did he do it? He never stopped asking for what he wanted.

When his own bank refused to even consider him for a merchant account, due to the fact that he was in mail order, and also doing business from his home, he beat path to several other banks.

The first four banks he visited also said "no", (2 were large institutions, 2 mid-size), so he decided to try some smaller banks. Guess what? The very first bank he went to said "Maybe".

They asked him to transfer his account to their bank, so that they could "monitor" it for six months. He told the bank official that he would consider their proposal, and the proceeded to another small bank one block up the street.

He liked what the second small bank said. They said "Yes!" All he needed to do was establish a checking account with them and maintain a modest $1,000, business checking account balance. This he quickly did!

He is not unique. But he was very persistent and kept asking for what he wanted, and you must also. Probably th two best ways to get a merchant account are:

(1) Keep pestering your own bank about granting you charge card privileges, until they agree to do so.

(2) If your bank outright refuses, make a list of all banks in your immediate area, putting some special attention on small banks. Next, get out a pair of your most comfortable shoes and get to it! Ask...Ask...Ask..Ask.. Ask! You have nothing to lose, and much to gain by being persistent, and by constantly asking for what you want (that's good advice in all areas-business and personal) of your life!

CREDIT CARD MERCHANT ALTERNATIVES

If you absolutely have no success in obtaining a merchants account from a local bank, you should consider the alternatives. Here are some of them...

***Ted Nicholas, best known as the best-selling author of "How To Form Your Own Corporation Without A Lawyer For Under $50.00", has established a small business organization entitles "Entrepreneurs of America." Membership is $50.00 per year. This organization intends to offer reasonable rates on credit card processing to their members. For more information write to: Entrepreneurs of America, 2020 Pennsylvania Ave., Suite 224, Washington, DC 20006. Phone: (800) 533-2665.

*** The Late Howard E. Welsh is the founder and director of the fast growing National Association of Publishers and Mail Order Dealers. His association has many exciting programs to help small order tabloid publishers and small mail order dealers succeed. Just prior to printing this report, For more information, write: NAPOD, 12 Westerville Square, #355 Westerville, Oh 43081.

***If you sell books, manuals, magazines, or forms of "paper and ink" products, you may wish to join the American Booksellers Association (ABA). This is the No. 1 booksellers professional association in the United States. In addition to many other benefits (National and regional conventions and trade shows, educational programs, etc.), members also can have their credit card orders processed through the ABA's Merchant Service Discount program. Write to: American Booksellers Association, 122 E. 42nd St., New York, NY 10168.

***Barry Reid, owner of the Eden Press, has advertised that he can help mail order marketers obtain credit card processing. Write: Eden Press, Box 8410, Fountain Valley, CA 92728.

***Mountain West Communications of Colorado offers a business telephone answering service that handles inquires or orders. When you subscribe to their service, they can also process your credit card orders for you. Write: Mountain West Communications, P.O. Box 216, Hotchkiss, CO 81419. Phone: (800) 642-9378.

NEVER GIVE UP!

Although this special report gives you various sources that might be able to help you with your credit card processing, the main message of this report is "NEVER GIVE UP" Never take "NO" for a final answer. Keep asking for what you want! Those who keep asking and seeking, usually obtain what they want.

NOTE : Please revisit our website at http://www.astrowhiz.com for Parts II to V.

Interesting Links : Business and Finance

These websites are good sources of information or contacts for your financial matters.Please visit them and come back often for updates. In addition, if you want a ***personalized reading of your financial horoscope****, please* *click here*

Instant Internet Cashflow System <http://www.allthesecrets.com/ic/a917z/index.html>
Attain FINANCIAL FREEDOM by using this complete cash turn key system for your website.

Seconduser.com. <http://hop.clickbank.net/?garyt/seconduser>
B2B site for buying and selling secondhand computer equipment.

ezebook. <http://hop.clickbank.net/?garyt/higher>
eBook Profits will show you how to create, sell and make money with ebooks.

Business Card Breakthroughs!. <http://hop.clickbank.net/?garyt/biztips>
350+ tips on business card design, content, organizing, etiquette and creative marketing in Business Card Breakthroughs.

Polish Business Directory. <http://hop.clickbank.net/?garyt/baton1988>
Directory for manufacturers, exporters and importers.

E-Commerce Reporting Asociation. <http://hop.clickbank.net/?garyt/ecommerce>
E-Commerce Reporting Asociation.

J2 MediaGroup,Inc <http://hop.clickbank.net/?garyt/ingvarg>
If you are looking for fresh ideas on how to get better results from your business without manipulating people please contact us.

Millionaires' Wisdom <http://hop.clickbank.net/?garyt/wisdom>.
A 24-Part Self-Study Course.

Credit Card Buster <http://hop.clickbank.net/?garyt/senoj>
Discover how YOU can get lots more than 56 days, before you need to make a credit card payment...100% Guaranteed... Interest Free

Carreon & Associates <http://hop.clickbank.net/?garyt/4credit>
Credit Repair & Debt Negotiations.

Six Easy Steps To Millions In Grants. <http://hop.clickbank.net/?garyt/maldon>
Electronic Grant Writing Manual

46 Business Ideas
(Part 2)

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Chapter 1 : All Signs Point To A Lucrative Business In Fabrication

Chapter 2 : Making A Killing In The Hauling Business

Chapter 3 : Perpetual Income From Home Inspection

Chapter 4 : Hot Profits From Your Hot Stamping Business

Chapter 5 : Numbering Houses And Making Instant Profits

Chapter 6 : How To Make A Fortune With A Used Bookstore

Chapter 7 : Making Obscene Profits With Self Improvement Seminars

Chapter 8 : Video Can Still Make You A Star

Chapter 9 : Earn A Decent Living Mounting Clocks

Chapter 10 : How To Make Executive-Level Earnings With Giftt Baskets

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    - Priceless ideas on what types of business to go into
    - Killer tactics for marketing and promoting your website

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    - It also includes several bonuses showing you how to promote effectively and how to sell your business.

3. **You get a 12 Month Money Back Guarantee**
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