



To: Clients & Friends Of Pro@ctive CPA
From: Mark Wyssbrod, CPA – Managing Member
Date: February 1, 2009
Re: February Pro@ctive Update

As the economic conditions continue to allow for a challenging economy small business owners must focus on solutions. A positive sign for small businesses is for the first time in 5 or 6 years I am finally hearing CEOs discuss efficiency or workflow and best use of resources. Although these types of ideas usually take several months to implement it is a favorable shift in the mindset of small business owners.

I do want to share two items with you this month. I had an interesting conversation with Mark DiNunzio of MarketPoint Solutions, LLC where he expanded on my 4 items to focus on this year. He has shared his thought with us below. Second, my full article has been published on solutions for small businesses for 2009.

I hope this is beneficial to your small business.

A Thought To Share With You From Mark DiNunzio of MarketPoint Solutions, LLC

Why plan? You have probably heard the statistics over and over again. The one statistic which is especially illuminating on this topic is that the chief component of 89% of all business failures is the lack of planning. Poor start-up planning and the absence of ongoing strategic, financial and marketing plans leads the way to significantly reduced levels of success and ultimately to business failure. We have found that many business owners plan better for their vacation than they do for their business.

The truth is, companies of all sizes that plan effectively achieve much greater levels of success and longevity. Planning doesn't have to be as complicated as you might think. We typically see business owners who tend to get unfocused with the hundreds of "good" ideas they have about how to improve various aspects of their business. By investing a little thinking time you can successfully sift through the 100's of "good" ideas and filter out just the handful of "great" ideas. Build your plan around the "great" ideas and stay focused on executing them well.

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January 2009 Economic Solutions By Mark Wyssbrod
<http://ezinearticles.com/?January-2009-Economic-Solutions&id=1867029>
http://ezinearticles.com/?expert=Mark_Wyssbrod

2009 will continue where 2008 left off with a challenging economic environment. Small business need to reposition themselves to survive and then to grow when the economy finally turns around. Focusing on liquidity, operational efficiency and productivity, staying focused and having a plan will help small business continue survive in the current



recession as well as reposition them for growth in the future. These focus points can also be applied to personal finance.

First, we should focus on our liquidity. Liquidity is the measurement of current assets (primarily cash, collectible receivables and inventory) compared to current liabilities (primarily payables, credit cards, short-term debts). One of the challenges will be to increase the current assets, especially cash, and reduce current liabilities. Having cash management discipline will be crucial. Several ways to increase liquidity are equity infusion, increasing margins (which we will discuss later) and conducting business with clients we know, businesses we understand and have good character. Additionally, financial institutions are not currently lending nor can small businesses count on financial institutions to lend in the future. Thus small businesses cannot count on receiving working capital through a line of credit to help fuel growth. Therefore, small businesses will have to fuel their own growth. Building liquidity will help small businesses be able to fuel this future growth.

Operational efficiency and productivity will be another area to focus on. In an environment of lower revenues new solutions will be necessary. Since you may not be able to grow your margins through revenues you will need to look at the cost side of the equation. One way to reduce costs is to be more efficient through revamping the work flow to save time (labor) or improve efficiency of materials used. One example is to purchase new equipment which could save out-sourcing, material costs and reduce utilities. One of my clients was able to install a new piece of equipment for \$30,000 which has reduced his costs by \$50,000 per year. This new piece of equipment paid for itself in less than one year.

Stay focused! Everyday business owners get distracted by a lot of little things. On top of the distractions I have noticed an increase amount of complaining about the economy. Unfortunately, complaining attitudes usually building on one another. Small business owners will need to stay focused and use their time and energy on finding solutions and spotting opportunity, not on complaining. I was told as a child that it was ok to complain if I had three solutions for every complaint. Staying focused will help us become more creative and find solutions through these challenging economic times.

The Boy Scout's motto is "Be Prepared". Business owners need to be prepared as well and to have a game plan for the future. Forming a plan for your business will help you stay focused on what tasks need to be done, priorities and to find creative solutions for your business. While staying focused is more for the short-term, having a plan will allow you to plan for the mid to long-term.

For extra credit, you can test your attitude. Being a small business owner is difficult. I believe a business owner needs to show a great attitude, be optimistic, but be grounded to reality. Being grounded to reality usually crashes into the other two. For example, a few years ago when I warned my clients and business associates of the real estate bubble I



was viewed as a pessimist, not a realist and now as I mention spotting opportunity and preparing for growth I am labeled as a cheerleader instead of a realist.

These four items will take sacrifice and creative thinking. I recommend forming a board of advisors or a CEO roundtable to help you through the process. Forming these types of groups can be done for free. I used basic improv classes to help jump start the creative process through Blank Stage Productions. I will also be more than happy to send a few minutes on the telephone with you (mind you tax season is about to start so I cannot be too generous). You can reach me directly at the number below.

Mark Wyssbrod, Pro@ctive CPA, has been helping small businesses achieve their goals since 1999. His proactive philosophy stems from the fact that traditional tax preparers are usually simple historians who react to their client's prior and current positions. Such a reactive stance means trying to fix mistakes after those mistakes are already made. Mark would rather prevent any mistakes in the first place. You can reach Mark at (770) 664-8583.

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