

Improving Your Bottom Line in 2000

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The holiday is over and it's time to reflect on the past year and to plan for the new one. Sit back, relax, and ask yourself: How were sales last year? What surprised us? What did we do well?

Now ask: What do we expect in 2000? Are there emerging trends we should plan for? Is this the year to introduce new products? Should we look for new markets?

If you are like most people, it won't take long to start feeling overwhelmed. The growing pile of things to do and the list of unanswered questions can be daunting. On the other hand, the prospect of increased sales, the challenge of new markets, and the excitement of a new year can energise your entrepreneurial spirits. In either case, the best response to these situations is better planning.

I introduced you to planning practices through a series of articles last year. The focus was on improving your business' performance. I explained that marketing is about increasing the chance of success before making a sales call. I warned that too many business decisions are exposed to unnecessary risks. Other articles discussed how to maximise profits using market position and competitive advantage to influence prices and costs. My advice for 1999 remains the same: learn to plan from a position of strength.

A good business plan pulls together all aspects of your business. I explain to my clients that banks want to know more than *what* your business is about. They want to know why *your* business is going to make money, and not the guy down the street. This is as important when starting a new business as it is for an existing business looking to expand.

Not every business needs to do formal planning. But you will need a business plan if you are going to the bank for a loan. In the past, bank managers cared most about cash flow. Financial planning is still very important and accounts for about three-quarters of their

approval decision. The other 25 per cent is based on the marketing plan. If you can't explain *why* your business will make money then your financial statements are meaningless numbers.

Good planning is the ability to learn from experience and to respond successfully to a competitive situation. It is used to identify opportunities, to minimize surprises, and to gain an edge in a competitive environment. Plans, however, must be translated into sound business decisions if you are going to improve your bottom line in 2000.

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