

The Dynamic Small Business Manager
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About this book

The exciting and fast changing field of small business management has mandated that a new edition be written. Readers of the first edition that I expand in several areas. Therefore, the **Second Edition** has been updated to include new management material and tools, correct a few template bugs, eliminate some extraneous information, and expand the Business Plan chapter.

1. This book is written in a non-technical style and only a basic knowledge in spreadsheets and word processing is required.
2. The approach is that of a trusted management advisor on site and assisting you in analyzing your business in a systematic manner and gradually introducing you to tools for managing, monitoring, and improving your business.
3. ***At first, avoid skipping around the book.*** The presentation is based on the step method, that is, the sequence of material is designed to train you as well as help you develop new and better management habits in a systematic approach.
4. When you finish the book, you will be privy to the best tools and methods used in American business. In fact, you can use the book and the accompanying Excel and Word templates for creating you own consulting firm.
5. The templates accompanying this book were created in Microsoft® Excel 2003 and Word 2003; you may open them in any productivity software that has the correct converters. You may encounter problems in third party suites with the Visual Basic modules.

Why this book?

As a small business owner, there are many things for you to give your attention to on a daily basis. You do everything you can as well as you can, but often, you are too busy to really think about the little things and if you are doing them as well as you could be, as easily as you could be. Now there is a way to find out and fix what you maybe did not even know was broken.

This book and *Dynamic Small Business Manager*[™] (The Manager) Excel workbook and templates serve as a combination of tools for the small business owner that focuses on increasing profits and cash flow by improving productivity, efficiency and financial proficiency through programs like Microsoft Excel and Word. The book's practical messages are understandable and can be immediately applied in your own small business.

Find out how technology can help you:

- Determine your business health.
- Perform accounting operations.
- Create daily financial and other reports.
- Manage your cash flow.
- Create a Business Plan.
- Create a Strategic plan.

Written by Frank Vickers, a small business owner with over 35 years of small business consulting experience, *The Dynamic Small Business Manager – Second Edition* tells you like it is and helps you get — and keep — your business's health on track.

Benefits of this book

Hands-on Experience:

Most small business books are a rehash of the same old boring subjects. They do not invite the reader to participate in learning by using their own business as a laboratory. Business laboratory simulation is not new; however, I challenge you to find one publication that does what this book does. This book and the accompanying Microsoft® Excel workbook *The Dynamic Small Business Manager™ (The Manager)* and templates are your team of interactive management trainers.

Inside knowledge:

After completing the book, you will have a grasp of how small business consultants investigate and propose solutions to problems they uncover. In short, you will be your own in-house consultant with your own set of analysis tools for going forward with your firm's success.

Simple to operate:

The Manager is a collection of linked Excel spreadsheets to one central data entry form (*The Master Data Entry spreadsheet*). Simple to operate, you enter your raw data once and it cross-pollinates 120 worksheets for a multitude of analysis reports.

Method:

This book and its Excel spreadsheet templates divide **The Manager** into manageable worksheets and deals with each separately so that at the end of this book you will be able to understand and use the whole system to monitor and improve your business.

Unique to **The Manager** is the ability to do real time What-if analysis. Based on your actual financial information, the program can be asked what if this or that happens and it will yield the information instantly.

Chapter 1 – The Dynamic Small Business Owner

When it comes to having a handle on their firm, the profile of the dynamic small business owner goes something like this:

1. They know each morning their sales and gross margins (that is, gross profit as a percentage of sales) of all of their products or services by category from the preceding day.
2. At the end of each week, they can tell you their sales and gross margin for the preceding week by product or service by type from the preceding week.
3. At the end of each month, they know the sales, cost of goods, gross profit, and gross margin on every type of product or service by category, both for that month and for the year to date.
4. They are eager to know the key historical summary information developed by their accountant each month as a check against their own tracking information, which they accumulate daily.
5. They have all of the internal and external information needed to make fast expenditure decisions on a daily basis. They simply do not feel secure at delaying decisions that might improve their business or cost them profit.



Remember, your accountant's information is historical. Even your own computerized internal accounting system can have information that is outdated, unchecked, and sluggish to retrieve for those quick, critical decisions.

Here is a revelation, you can do all of the steps listed above with two printed forms, a pencil, and a hand calculator. The next section explains how.

Please perform the steps in order and avoid taking short cuts.

available, if not; this is a good time get a handle on cost controls and vendor prices).

Using your calculator, subtract the total cost from the total sale transaction. For quantities sold of an item just multiply the number times both the sale price and the cost per item. This result is called **Gross Profit**.

Finally, divide Gross Profit by Sales. This will give you the **Gross Margin** as a percentage of sales.

Your gross margins may be doing fine with some products and customers, but the others could be dragging the average down. There are four ways to deal with this type of situation:

1. You can raise your prices.
2. You can reduce your manufacturing and/or vendor costs.
3. You can say no to low-margin business.
4. or you can find other products that you can sell at higher margins.

However, before you can make any of these decisions you must have controls in place and you cannot develop controls until you have detail financial knowledge of your business.

Tracking gross margins is the answer. Why? Because high gross margins translate into high gross profit and gross profit is the main source of the cash you will need to support yourself and build the business.

What may first appear as an exercise in futility will make all of the sense in the world after you work these forms for 90 days.

Now let us look at the second part of the Daily Profit Tracking and Weekly Summary form. This section, Weekly Summary, is for accruing your results from the daily postings. There are seven lines for posting the totals for each business day.

Profit Tracking Weekly Summary Form

This figure shows the form for accruing your results from the daily postings. Here you have seven lines to post the totals for each business day of the week.

Weekly Summary	Sales	Cost of Goods	Gross Profit	Gross Margin
Days by Date	\$	\$	\$	%
Summary Totals				

It is the totals from this summary that you will enter in the **Weekly Profit Tracking and Year-to-Date Totals.doc** form.

Weekly Profit Tracking and Year-to-Date Totals Form

This figure shows the form for posting the weekly summary numbers. This form condenses daily data into weekly data into year-to-date data.

Weekly Profit Tracking and Year-to-Date Totals Beginning Date _____

Weeks	Dates	Sales	Cost of Goods	Gross Profit	Gross Margin
Start Week 1					
Week 2					
Week 3					
Week 4					
Week 5					
Week 6					
Week 7					
Week 8					
Week 9					
Week 10					
Week 11					
Week 12					
Week 13					
So forth to Week 52					
Year-To-Date Totals		\$0.00	\$0.00	\$0.00	0.00%

You will see at the bottom of this form Year-to-Date totals. It is very important to keep these items up to date since it shows you the rolling gross margin percentage number.

The rolling gross margin percentage number is computed by dividing the gross margin total dollars by the sales total dollars.



Beware that if you skip at least 90 days of doing it by hand you will lose something when you let a computer do the work.

The numbers become indistinct and abstract. You lose focus of their impact and you stop absorbing them. You don't get to know them as well as you must if you're really going to be in control of your business.

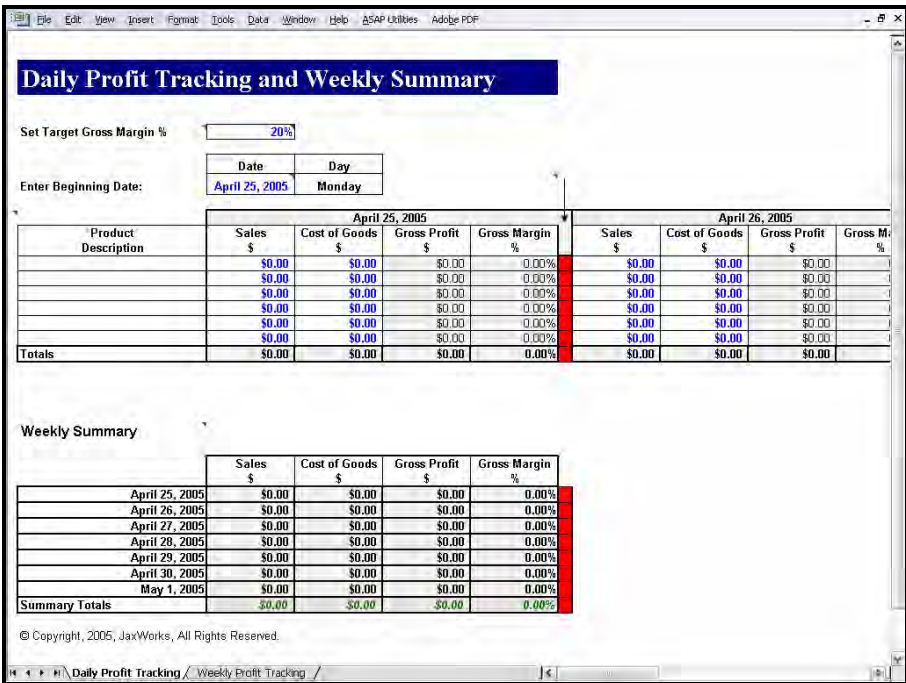
There are thousands of small businesses owners that still do this process daily by hand, even though their firms do millions of dollars annually.

If you choose to use a spreadsheet program, we have included an Excel workbook template with the two manual entry forms converted into spreadsheets.

Go to the template folder and open *DailyProfitTracking.xls*.

Daily Profit Tracking and Weekly Summary Spreadsheet

This figure shows the worksheet Daily Profit Tracking. This is where you enter your data into the cells for daily transactions. The worksheet automatically computes the weekly summary.



Workbook *DailyProfitTracking.xls* opens with the Daily Profit Tracking and Weekly Summary worksheet in view. The second worksheet Weekly Profit Tracking can be selected by the tab at the bottom of the program window. These are the spreadsheet representations of the manually entered forms explained earlier.

Instructions:

1. Entering data in these worksheets is straightforward. All entries in **Blue** are replaced by your data.

- Specific instructions are presented in comments by placing your mouse pointer over the red triangles.
- To avoid overwriting formulae, both worksheets have simple protection, which can be easily removed: From the Standard Menu click on Tools > Protection > Unprotect sheet.

Weekly Profit Tracking and Year to Date Totals Spreadsheet

This figure is the second worksheet Weekly Profit Tracking. This is where you enter your data into the appropriate cells from the summary section on the Daily Profit Tracking worksheet.

Weeks	Dates	Sales	Cost of Goods	Gross Profit	Gross Margin
Start Week 1	April 25, 2005	\$0.00	\$0.00	\$0.00	0.00%
Week 2	May 2, 2005	\$0.00	\$0.00	\$0.00	0.00%
Week 3	May 9, 2005	\$0.00	\$0.00	\$0.00	0.00%
Week 4	May 16, 2005	\$0.00	\$0.00	\$0.00	0.00%
Week 5	May 23, 2005	\$0.00	\$0.00	\$0.00	0.00%
Week 6	May 30, 2005	\$0.00	\$0.00	\$0.00	0.00%
Week 7	June 6, 2005	\$0.00	\$0.00	\$0.00	0.00%
Week 8	June 13, 2005	\$0.00	\$0.00	\$0.00	0.00%
Week 9	June 20, 2005	\$0.00	\$0.00	\$0.00	0.00%
Week 10	June 27, 2005	\$0.00	\$0.00	\$0.00	0.00%
Week 11	July 4, 2005	\$0.00	\$0.00	\$0.00	0.00%
Week 12	July 11, 2005	\$0.00	\$0.00	\$0.00	0.00%
Week 13	July 18, 2005	\$0.00	\$0.00	\$0.00	0.00%
Week 14	July 25, 2005	\$0.00	\$0.00	\$0.00	0.00%
Week 15	August 1, 2005	\$0.00	\$0.00	\$0.00	0.00%
Week 16	August 8, 2005	\$0.00	\$0.00	\$0.00	0.00%
Week 17	August 15, 2005	\$0.00	\$0.00	\$0.00	0.00%
Week 18	August 22, 2005	\$0.00	\$0.00	\$0.00	0.00%
Week 19	August 29, 2005	\$0.00	\$0.00	\$0.00	0.00%
Week 20	September 5, 2005	\$0.00	\$0.00	\$0.00	0.00%
Week 21	September 12, 2005	\$0.00	\$0.00	\$0.00	0.00%
Week 22	September 19, 2005	\$0.00	\$0.00	\$0.00	0.00%
Week 23	September 26, 2005	\$0.00	\$0.00	\$0.00	0.00%
Week 24	October 3, 2005	\$0.00	\$0.00	\$0.00	0.00%
Week 25	October 10, 2005	\$0.00	\$0.00	\$0.00	0.00%
Week 26	October 17, 2005	\$0.00	\$0.00	\$0.00	0.00%
Week 27	October 24, 2005	\$0.00	\$0.00	\$0.00	0.00%
Week 28	October 31, 2005	\$0.00	\$0.00	\$0.00	0.00%
Week 29	November 7, 2005	\$0.00	\$0.00	\$0.00	0.00%

The Weekly Profit Tracking worksheet requires you to copy each week's totals on the Daily Profit Tracking sheet and paste them to the appropriate week.