



# Small Business **TRENDS**

The magazine for successful small business owners

## **THE DO'S AND DON'TS TO MAKING MONEY**

**Low Overhead  
Business Ideas**

**One-on-One with  
Marcus Lemonis**

A hand is shown placing a wooden block on top of a stack of blocks. There are four stacks of blocks in total, increasing in height from left to right. The background is dark blue, and the surface the blocks are on is light-colored.

**Use the Cloud,  
Raise Your Bottom Line**

**Engage Your Employees  
to Higher Profits**

### **Spotlight:**

**Redcort Software  
Saves Money on  
Employee Expenses**



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## Profitability Edition 2018



**Anita Campbell**  
CEO and Publisher  
 @Smallbiztrends

Here's the latest edition of Small Business Trends magazine. In this issue, we're talking about the topic of profitability.

Can you believe that 83% of small businesses will never turn a profit? Despite those odds, we, as small business owners, go out every day and try to buck that trend.

In this issue of the magazine, we examine why businesses succeed and why those end up as so many do ... in the red.

In our cover story, Staff Writer Annie Pilon consulted some expert advice on the do's and don'ts of small business profitability. What actions tend to lead to more profits and what causes a business to go in the opposite direction?

One of the big impediments to a small business becoming profitable is overhead costs. Inside, we look at some of the most popular small business ideas that generally avoid these costs.

For those businesses with overhead costs, there's an article inside on engaging employees to help your company stay in the black.

In another feature, Brent Leary sat down recently with the host of TV's "The Profit" reality show, Marcus Lemonis, and got his insights on small business profitability. Check out what he had to say in our recap of their interview.

Tech can help your small business earn profits and we've got articles inside on using the cloud and big data to help.

There's all this plus tips for home-based businesses and pricing strategies inside this edition of Small Business Trends magazine.

Wishing you much success,

A handwritten signature of Anita Campbell in black ink.

P.S. Please subscribe (free) so you never miss future editions. Go to

<http://smallbiztrends.com/magazine>



## Where Are Your Profits Going? Keep an Eye on Unexpected Costs

Check out some recent headlines concerning your small business's profitability. New data shows some unexpected (and ironic) drains on your company profits and in other news, several companies have teamed up to help small businesses get paid faster and expand their reach.

### Productivity Apps Costing You Money

We are all using some type of productivity app these days. They keep the business organized and projects on task ... or at least they're supposed to. A new study found that these apps that are supposed to help us work



smarter are actually causing small businesses to lose money (and profits). There's just too many! The study from RingCentral found that the average employee could waste 32 days a year just fumbling between apps.

### PaySimple and Profit Rhino Partner for Small Service Businesses

One of the biggest roadblocks to profits for small businesses is the ability to get paid. That's especially true for service businesses.



Unpaid invoices -- and the lack of cash flow that results -- can prevent these businesses from growing and expanding operations.

With the new partnership between PaySimple and Profit Rhino, service businesses will now be able to get paid from their customers right at the job site.

### How Much Do You Spend on Taxes?

Not only is paying taxes not the most pleasant

experience or part of running a small business, the cost of doing your taxes is just salt on the wound.

That's two drains on your profit at once.

In fact, a new survey from the National Small Business Association found that 64% of companies like yours spend at least \$1,000 on tax administration work.



Perhaps that number will go down (at least slightly) if the recently passed tax reforms actually do what was promised and simplify the tax code for small businesses.

### Go Global, Expand Your Customer Base

One way to boost your profits is to expand your customer base. Today, that can be a global base, provided you're able to get your products and services where they need to go.



That's why GlobalShipped teamed up with Shopify. Together, Shopify users will be able to integrate GlobalShipped's ability to get ecommerce purchases to at least 120 countries worldwide.



**Shawn Hessinger**

Executive Editor

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# 25 Do's and Don'ts to Make Your Small Business More Profitable

**Small businesses can struggle with profitability for a number of different reasons. They keep prices too low.**

They focus more on big picture ideas than real consumers. They have way, way too many expenses. The list goes on and on.

But even if your business doesn't make a lot of money early on, the goal should eventually be to sustain operations and earn a profit. In order to accomplish this, you need to follow a specific set of do's and don'ts.

To learn more about some effective methods

for improving profitability, Small Business Trends recently spoke with Sam Pillar, CEO of scheduling software provider Jobber. Here are some top tips to help you earn more and cut out excess expenses.

## **Do Calculate the Exact Costs for Your Business**

Before you focus on increasing profits, you have to know where you're starting from. That means you need to know all of your costs.

And don't just calculate general expenses either. You also need to know how much your regular activities are worth to your business.

Pillar explained in an email interview with Small Business Trends, "Profitability isn't rocket science — it's about the relationship between revenue and expense. Getting a very accurate view of what's referred to as "unit economics" — what the entire revenue and cost chain looks like at a micro level (e.g.: how much a minute of drive time costs, the revenue yield on a specific piece of machinery, etc.) — is essential to supporting the business. Getting clear, accurate and real-time visibility to your unit economics is key. When owners can find the bandwidth to focus and spend their time on the things that matter, they tend to be able to make good decisions."

### **Don't Spend Too Much Time on Low Value Activities**

Once you know what your time is worth, you can focus more of your time on the things that actually drive results to your business. That means cutting out the things that don't add much in the way of value.

Pillar adds, "Running a small business is an all-encompassing world — once the company starts to grow, the biggest mistake people make is spending too much time on essential, but low-value activities. A great example is things like payroll, accounting, invoicing, scheduling — all activities that are essential, but can often consume way too much time for a business owner, the employees, and their office staff."

### **Do Automate Where Possible**

Since some of the low value or mundane activities you want to cut out are essential functions, you need to find ways to accomplish them without spending tons of time on them. That's where automation software and online solutions come into play.

Pillar says, "Automating those out frees up much needed time to work on the business, instead of in the business. A key development over the past number of years for small businesses has been the emergence of mobile solutions to these essential, but low value activities, enabling businesses to manage their team, their clients and their billings from nearly anywhere, and often in a single platform solution."

## **Profitability isn't rocket science — it's about the relationship between revenue and expense**

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### **Don't Rely on Paper**

It's also a good idea to eliminate waste where possible, both in terms of expenses and time. Using paper in your systems and processes can be extremely inefficient, as it can get lost and be more costly than using online tools or automation.

### **Do Track Your Time**

You also need to know exactly how you spend your time if you want to eliminate other types of waste in your business. Use a time tracking software or keep track manually so you can get a good picture of what's happening.

### **Don't Forget About Your Team**

However, there can also be tons of waste when it comes to how your employees spend their time. So you need to also find ways to keep track of this and hold people accountable.

Pillar says, "For many small businesses, the single biggest expense is people. Salaries and related compensation is only one factor employers need to consider; the time and effort those employees consume can spell

lost revenue and profitability for business owners if it's not spent efficiently. In service-driven companies, especially those that do work outside of their own offices, factors like drive time and fuel costs are fairly well understood today. As a technology company, we know that things like lost productivity due to inefficient communication between employees, leadership and/or clients, the costs that come with running the business without the benefits of technology, and spending too much valuable time on essential, but low-value tasks all contribute to eroding your profitability."

### **Do Analyze Your Finances Regularly**

Once you have systems in place for tracking things like time, expenses and earnings, you need to keep an eye on those things regularly. Analyzing any changes can help you determine what's working for your business and what isn't.

You also need to know exactly how you spend your time if you want to eliminate other types of waste in your business

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### **Don't Undercharge Customers**

One of the major mistakes businesses make that leads to low profits is undercharging. If your prices are so low that you can barely cover expenses, you might want to re-think your offerings to make everything more sustainable.

### **Do Make Buying as Easy as Possible**

Another potential roadblock is a difficult buying process. If customers have to jump through 10 different hoops in order to complete a purchase, they're more likely to go with a competitor instead.

### **Don't Focus Too Much on Bringing in New Customers**

While it's always good to be open to bringing on new customers, you shouldn't focus on them so much that you neglect your current ones. You can potentially make more profits by focusing on increasing sales to existing customers.

### **Do Prevent Theft and Waste**

You might not be able to prevent all waste and theft in your business, but that doesn't mean you shouldn't try. Put systems in place to detect and alert you of any issues or abnormalities so you can address them as quickly as possible.

### **Don't Rely on Constant Discounting**

Even if your regular prices are sustainable for your business, you might sometimes offer discounts to attract new customers or move inventory. While this can be a decent strategy at times, it can definitely be overused and devalue your products or services.

### **Do Look for Ways to Increase Minimum Order Prices**

Instead of providing basic discounts, you can try to increase sales by offering bulk discounts, bundling or similar offers aimed at increasing the size of orders so the company makes more money overall.

### **Don't Keep Excess Inventory on Hand**

It can also be somewhat wasteful to keep tons of inventory on hand, since you need to store and manage it. So it can be beneficial to provide some discounts or incentives to move any excess if you're getting new products delivered.

### **Do Give More Opportunities to Top Sellers**

When it comes to actually selling products, it makes sense to put more stock in what's been



proven to work. So when you have new prospects or big new opportunities, make sure your top sellers are on it so you have the best chance of closing.

### **Don't Overlook Supplier Price Hikes**

Paying suppliers and vendors is often part of running a business. While you can't control the prices those suppliers charge, it is important to always track those charges and note any changes so you can constantly get the best prices.

### **Do Negotiate Constantly**

It's also a good idea to negotiate with vendors so you can get better prices rather than just paying the full cost, which can sometimes be excessive.

### **Don't Pay for Costly Services and Activities**

In some case, you might even want to cut out certain vendors or service providers altogether if what they provide isn't worth the cost.

### **Do Confirm Service Calls**

For service businesses, a major source of waste can be showing up for service calls if the customer isn't actually there. So for this reason, it's a good idea to quickly confirm before wasting time driving and doing the administration work involved for each call. Pillar even suggests automating this part of the process.

### **Don't Undervalue Your Time**

Just as product businesses sometimes undervalue their physical goods, service businesses can sometimes minimize profits by not valuing their time as they should. So you need to set prices taking all parts of the process into account, including any administration work involved in providing a specific type of service.

### **Do Focus on Providing Great Service**

No matter what type of product or service you offer, providing a great experience to customers should always be a top priority. Doing so can help you build repeat business and even gain referrals, which essentially serve as free marketing.

Pillar says, "Do everything in your power to absolutely delight your customer. Going above and beyond to deliver an amazing customer experience increases the chance of repeat bookings, and might inspire your customer to recommend your business. These are both positive levers on the unit economic model of a business."

Carefully research and consider the risks involved with new opportunities before pursuing them

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### **Don't Continue Marketing Activities That Show Minimal Results**

Marketing can be another major expense for a business. It can certainly be worth it in some cases. But if you've tried a certain tactic and seen minimal results, it's probably best to cut ties.

### **Do Track the Performance of Everything**

For everything from marketing to suppliers, it's a good idea to constantly track performance and re-evaluate what costs are really worth it for your business. Then cut the rest out.

### **Don't Go After Every New Opportunity That Sounds Exciting**

New opportunities can really help to grow a business. But that doesn't mean you should



always chase after the next big thing. Carefully research and consider the risks involved with new opportunities before pursuing them so you don't end up wasting tons of time and resources.

### **Do Focus on the Big Picture**

Once you make your business more efficient in terms of the day-to-day operations, you can then focus more on the important, big-picture things that go into running a successful business.

"Many customers believe that the most difficult parts of the business involve working

on the tough stuff — finding good people, retaining them, acquiring more customers and managing their brand. These are the important, rather than the urgent, things for a business owner to be working on — automating out the menial stuff can be very liberating, and impactful to the business overall."



**Annie Pilon**

Staff Writer

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# 5 Tips to Make Your Small Business More Profitable

**Profit is how we keep score in business. Just because you can pencil profit into the financial section of your business plan doesn't mean it automatically will happen.**

As an entrepreneur, you have to commit fully to “minding your own business” to generate the profits that you seek. Here are several strategies I encourage you to follow as you look to make your small business more profitable.

## **Use Good Resources**

To operate a profitable small business, you

have to constantly evaluate the productivity gains from people and resources. I don't hire someone without knowing the potential return on investment for my business. You can't afford waste with a small company. Before buying equipment, inventory, or supplies, consider the direct or indirect impact the investment has on your bottom line.



### Use Monthly Sales Goals

Putting pen to paper and analyzing profit potential doesn't take a lot of painstaking effort. However, putting hands to dirt to execute your weekly and monthly sales goals is an exercise that you want to start early.

It is rare to find profits without hard work. If you always focus on monthly sales goals then you will focus on weekly sales objectives. By

### Analyzing profit potential doesn't take a lot of painstaking effort

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doing this on a regular basis you will always stay focused on marketing. Too often business owners focus on the job at hand and don't fill their pipeline.

### Always Look for Efficiency Gains

The key to maximizing profit potential in a small business is to always look for efficiency gains. Look for ways to save \$100 per month. Check your fees that are deducted monthly from your business account. Are you using that club membership? website app? or email marketing program? Reduce banking fees and consider leasing equipment to improve profitability. Use a bit of humility to do what is necessary to reduce costs. Profitable small-business owners often change light bulbs, do routine plumbing, clean and perform other laborious tasks. Hiring someone to do these things is naturally more expensive. Efficiency isn't just about cost reduction, find ways to get the same or greater value with a lower investment.

### Increase Revenue

The key to optimizing your profits lies in your ability to increase your revenue at a higher ratio than your costs. In the short term, you

need to generate the maximum value from each customer and upsell them additional products and services to get more business. By focusing on your customer experience that will lead to word of mouth referrals and repeat business. It's much cheaper to keep a loyalty than to go out and secure a new one. You also want to have a lead magnet and sales funnels to attracting new customers as an additional growth strategy as well.

### Pricing Strategy

Evaluate your pricing strategies to enhance profits and make your small business more profitable. Make sure you evaluate all your hard and soft costs in your pricing model. Don't undersell your products and services to drive a high-volume. Precise pricing attracts the right buyers who are willing to pay for quality. Regular discounting establishes a price orientation with buyers and minimizes gross margin.

### You have to commit fully to "minding your own business" to generate the profits that you seek

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The path to profitability includes an emphasis on optimizing revenue and reducing costs. Eliminating waste and controlling costs are important as well. Profitable small-business owners create business strategies that are driven by sales.



**Melinda Emerson**

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[@SmallBizLady](#)

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# 6 Low Overhead Startup Business Ideas

In order to start a business, you need time or money – and in some cases, both.

But the good news is that the old mantra, “it takes money to make money,” isn’t always true. There are some situations in which you can start a business with very little overhead or upfront investment and still bring in sizable revenue.

## What Constitutes a Low Overhead Business?

The failure rate for small businesses and startups is overwhelmingly high. You have to do a lot of things right to make sure you’re on the path to financial success, not failure. And while there are many causes for failure, one of

the biggest problems entrepreneurs face is the threat of negative cash flow.

A variety of elements play into the cash flow equation, but overhead is one of the more important aspects. You can find a lot of different definitions for the term, but Investopedia has one of the clearest.

“Overhead is an accounting term that refers to all ongoing business expenses not including or related to direct labor, direct materials or third-party expenses that are billed directly to



customers,” Investopedia explains. “A company must pay overhead on an ongoing basis, regardless of whether the company is doing a high or low volume of business.”

For an entrepreneur with little business experience, it’s easiest to think about overhead in terms of two major categories: fixed and variable. Much in the same way that you have fixed and variable expenses in your own personal budget, there are some business expenses that remain the same on a monthly basis and some that change on a month to month basis.

Running a low overhead business means different things to different people; but generally speaking, it involves reducing or avoiding rent (working from home), taking a DIY approach to things like marketing and advertising, paying contractors instead of hiring employees, being efficient with utilities, adopting scalable tools and solutions, etc.

## The old mantra, “It takes money to make money,” isn’t always true

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While there are some low overhead strategies you can adopt in just about any industry or business model, certain niches are more conducive to maintaining low overhead than others. There are literally hundreds of different ideas, but we’ll analyze a few of the most promising ideas for your convenience.

### 1. Home Childcare

When babysitting comes to mind, you may think back to your days as a broke teenager. But there’s an industry that exists far beyond this. Home-based childcare is actually a swiftly growing trend and you may be able to turn it into a profitable profession.

While you have to be very careful with state rules regarding caring for children in your home

## It’s easiest to think about overhead in terms of two major categories: fixed and variable

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- and you’ll need a healthy amount of insurance
- there aren’t a whole lot of expenses that go along with this sort of operation. If you only care for one or two children at a time, you may even be able to work out of other people’s homes.

You aren’t going to get rich doing childcare, but it’s especially nice if it allows you to care for your own child at the same time (thereby, eliminating the need to pay for your own daycare).

### 2. Tour Guiding

The less you rely on others, the better your chances of keeping the majority of your revenue. Each time you add a supply chain partner, you have to give away a cut of your profits. Sometimes the amount you forfeit is well worth the value you receive, but other times it’s not essential to the success of your business.

Tour guiding is one business concept that eliminates the need for almost anyone else. If you live in a big city – or an area that’s known for something in particular – you could start a tour guide business.

Strawberry Tours, which now operates all over the world, is a great example. Consider its Harry Potter Tour in London, which is one of the company’s most profitable ventures. There’s no need for a physical location, the tour utilizes public resources, and the only major expense is paying their contracted tour guides. That means the vast majority of the revenue turns into bottom line profit.

Is there some sort of public attraction, historical site, or nature-based site that people flock to in your area? You could build a business based on nothing but your own knowledge and interpersonal skills.





### 3. Teaching and Consulting

Are you particularly skilled in a certain area? Do you have lots of experience in a certain industry? You may be able to parlay these talents into a career in the form of teaching or consulting.

There are literally hundreds of different ideas

It's a lot easier to run a low overhead business when you're selling a service, as opposed to a physical product that requires you to pay for materials and manufacturing. For example, let's say you used to be a high school science teacher. You could run an after-school tutoring program for students who need help with biology and chemistry, or are looking for SAT prep. There's virtually no overhead and you're simply using a skill you already possess.

### 4. Handyman Work

While the old saying says, "there's nothing certain but death and taxes," this isn't necessarily true. If you're a homeowner, you can add repair needs to the list. Whether it's broken windows, clogged gutters, faulty appliances, or anything else, Murphy's Law always prevails in home ownership.

If you have handyman skills, someone else's loss is your gain. By running a handyman business in your area, you can pick up a steady stream of work without needing to sell a physical product or even have a physical location.

A handyman business works particularly well if you already have a large network of people you know. Depending on the size of your neighborhood, you may even be able to find steady work right around the block. Just make sure you look into things like licensure and insurance.

### 5. Freelance Writing

Any time you can work from home, you're generally able to avoid spending a lot on overhead. This is especially true when it comes to freelance writing, which is growing in popularity and profitability.

If you're a skilled writer who has a knack for being able to quickly research topics and develop content, you may be able to start a business in this area. Content marketing is a competitive niche, but the money is there for those who are willing to put in the work. Expense-wise, you're looking at nothing more than a business website, computer, internet, and your time.

### 6. Hobby-Based Business Venture

Do you currently have a hobby that you enjoy? Have you ever considered that the hobby may

be monetizable? The great thing about turning a hobby into a business is that you typically already possess the knowledge and resources needed to begin making money.

Take woodworking, for example. If you're a woodworker, you already have a bunch of tools that you've purchased out of your discretionary income. These tools could easily be used to build items that could then be sold to local stores or customers. Not only will you make money, but you'll have fun in the process.

## Keep More of Your Revenue

There's nothing more frustrating than bringing in a high volume of sales and enjoying big revenue numbers, only to see all of the profits dwindle away at the hands of superfluous expenses. If you want to keep more of your money, you

should be focused on driving down overhead expenses.

Technically speaking, it's possible to run a low overhead business in any industry. However, some industries and niches – such as the ones alluded to in this article – are much more conducive to lean operations than others.

If you can find a way to start up a venture in one of these areas, you'll have unlimited opportunities to build a thriving (and highly profitable) business.



## Larry Alton

Contributor

 @LarryAlton3

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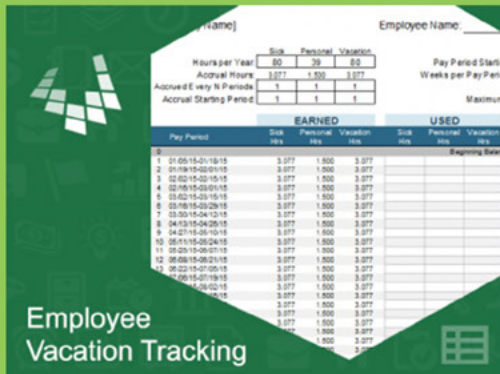
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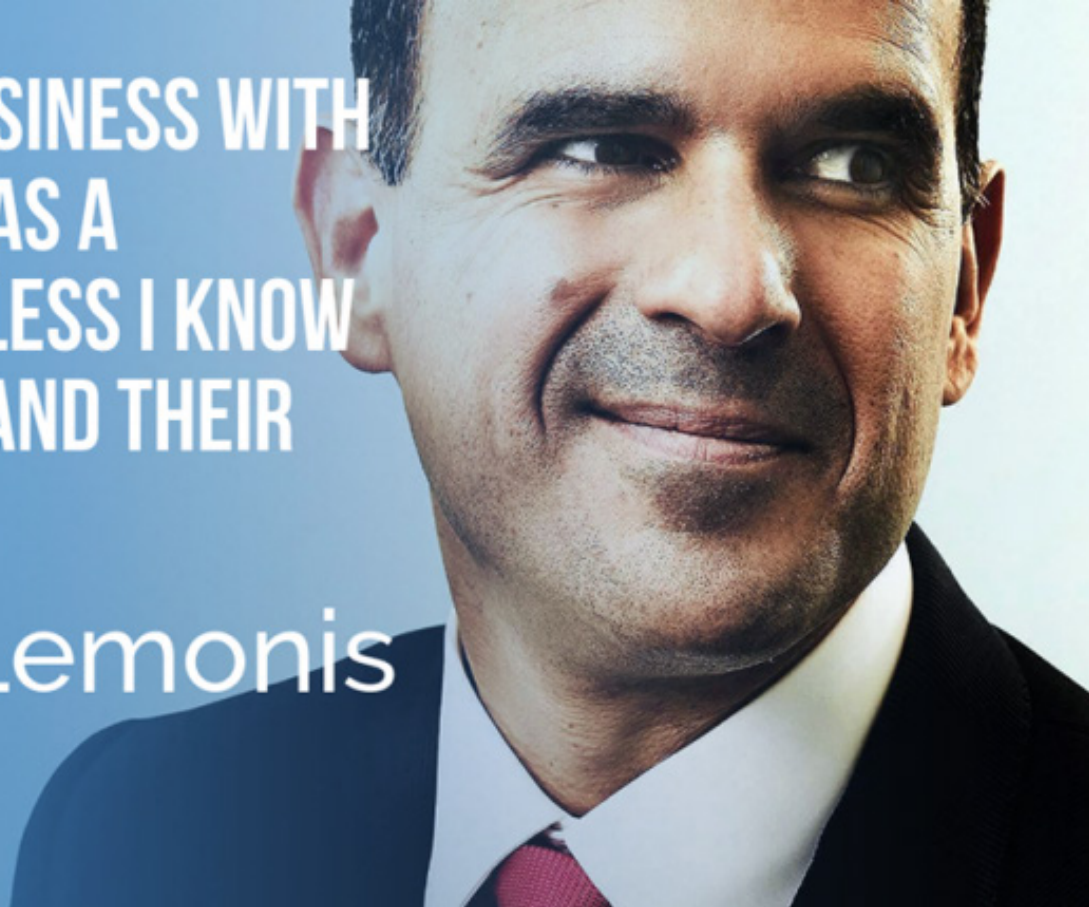
Pay Period	EARNED			USED		
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5 03-02-15-03-15-15	3.077	1.000	3.077			
6 03-15-15-03-29-15	3.077	1.000	3.077			
7 03-30-15-04-12-15	3.077	1.000	3.077			
8 04-13-15-04-26-15	3.077	1.000	3.077			
9 04-27-15-05-10-15	3.077	1.000	3.077			
10 05-11-15-05-24-15	3.077	1.000	3.077			
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12 06-08-15-06-21-15	3.077	1.000	3.077			
13 06-22-15-07-05-15	3.077	1.000	3.077			
14 07-06-15-07-19-15	3.077	1.000	3.077			
15 07-20-15-08-02-15	3.077	1.000	3.077			
16 08-03-15-08-16-15	3.077	1.000	3.077			
17 08-17-15-08-30-15	3.077	1.000	3.077			
18 08-31-15-09-13-15	3.077	1.000	3.077			
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20 09-28-15-10-11-15	3.077	1.000	3.077			
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26 12-21-15-01-03-16	3.077	1.000	3.077			
27 01-04-16-01-17-16	3.077	1.000	3.077			
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29 01-31-16-02-13-16	3.077	1.000	3.077			
30 02-14-16-02-27-16	3.077	1.000	3.077			
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33 03-27-16-04-09-16	3.077	1.000	3.077			
34 04-10-16-04-23-16	3.077	1.000	3.077			
35 04-24-16-05-07-16	3.077	1.000	3.077			
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64 06-02-17-06-15-17	3.077	1.000	3.077			
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"I WON'T DO BUSINESS WITH ANYONE, EVEN AS A CUSTOMER, UNLESS I KNOW THEY UNDERSTAND THEIR BUSINESS".

Marcus Lemonis

The Profit, CNBC



## Marcus Lemonis - The Man Behind 'The Profit'

One of the highlights of the recent Xerocon event, put on by cloud accounting platform Xero, was meeting Marcus Lemonis – businessman, investor and star of CNBC's The Profit.

Before he took the stage for his conference ending keynote, I had the pleasure of sitting down with him for a great conversation. Marcus shares how the impetus for the show was more social experiment than small business, how vulnerability is key to business success and fixing people, and how he won't do business with someone, even as a customer, unless he knows that they understand their business.

Below is an edited transcript of our conversation.

**Small Business Trends:** I know there's probably

**a lot of people out there who already know who you are, but maybe we can get just an overview of your personal background.**

**Marcus Lemonis:** Well, just kind of going with that question or that comment alone, I always tell people in business that even if you think that people know who you are, it's always good to introduce yourself again. Because there's new players and so if you think about yourself as a business owner, you want to always be reintroducing yourself to somebody that may



have forgotten, that may have been mad at you.

So I'm Marcus Lemonis and I am a ... I don't even know how I would describe myself. I would say I'm just a normal guy like everybody else that decided that small business was the most important thing in my life. And when we're all growing up, our mothers will ask us, "What are you going to make of yourself? What are you

Even if you think that people know who you are, it's always good to introduce yourself again

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going to do with yourself?" And I struggled for years to answer that question. And as I got a little bit older and I started to understand who I was, I realized that my purpose in life was to stick up for the little guy, and that was sort of me when I was younger.

I spend really the bulk of my time investing in small business. It is my hobby, it is my passion, it is the thing I love to do more than anything else. Yeah.

**Small Business Trends: When did you decide that you wanted to go into the small business and help them out?**

**Marcus Lemonis:** You know what? It really came right outside of the 2008, 2009 market collapse. We were all watching the news and it was ... Fortune 100 companies and their stock is down, and the banks are closing. And I felt the news was very one-sided as it related to big business. And then nobody was talking about mainstream, and nobody was talking about small town businesses. And over 90% of this country is involved in small business, one way or the other, and I didn't think anybody was talking about it. And I think it was in that moment where I said, "Somebody's got to actually be a champion for this in a different way."

The secret behind what I do today, and it's something that I don't talk about a lot, is that the reason I decided to do the show was one giant social experiment. It really isn't about small business, it is about people and how business can transform, good or bad, people. And the social experiment ... And I said when I got to 100 episodes I would talk about it a little more, I'm at 78. The social experiment really is how do people deal with opportunity. And how do they deal with their past and how does opportunity and their past sort of intersect.

You go into businesses today and they'll all tell you, "I can't get a loan and I can't do this, and I can't do that." And it's a little bit of ... I don't want to call it a sob story but I'll call it a excuse. Right? And I buy off on these excuses because I make them the same way. And so what I wanted to do is really understand how people function. And if you've ever seen the show "The Profit", it really is about people more than it's about business.

**Small Business Trends: Some of the really interesting episodes always have the family dynamic. So when you have business ... It's tough enough when you try to go into business, stay in a business, but how does the family dynamic play a role in the success? And how difficult is it to get the family dynamic back on track once it's kind of gotten off track?**

Marcus Lemonis: I've long told people that the reason that small businesses are largely family businesses, because there's this weird kind of combination, is that when you and I or anybody else starts a small business, we don't have any money. We can't hire any employees so we're asking our mom, our dad, our aunt, our uncle, our sister, our kids, "Hey. I need you to pitch in. You handle marketing. Your handle the inventory." And by definition, it sort of becomes a family business, even if it's a part-time job for most of the people that work there. And I think what ends up happening is ... Families are interesting because whether anybody wants to

admit it or not, there is still a pecking order in a family. Right? At least in my family, my mom's in charge, there's no question about it. There's not any confusion about it-

**Small Business Trends: Not up for debate or anything.**

**Marcus Lemonis:** ... But then you start getting brother-in-laws, sister-in-laws, kids, son, and you have your life on the line on this business and not everybody's necessarily performing. It's very difficult to tell your son, your daughter or your wife, or your husband, "Hey. I think you need to go."

**Small Business Trends:** But that's the job that you kind of help them do.

**Marcus Lemonis:** That's why I think people call me. I was laughing the other day, I said, "Do people call me because they want me to do the

**"Somebody's got to actually be a champion for this in a different way."**

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dirty work?" It's like, "I really want my wife to be fired but I don't want to do it, so you do it." It's like, "No. I'm not doing it."

**Small Business Trends: Well think about the joy of having them succeed after all the things they go through? How does that make you feel? I know it's got to make them feel good, but how does it help make you feel?**

**Marcus Lemonis:** Success for me in my journey is really about people's personal transformation. And if they have personal transformation, the business usually will succeed. Most people, when they watch a television show about business investing, it's like, "Okay. How much did you invest? How much money did we make? What was the return? What are the percentages?" And yeah, there's a moment where that's relevant, but the real moment is how do you

take somebody who doesn't have confidence in themselves, who doesn't have a process in place, who doesn't clearly see where they want to go but they have good ideas and get them to just discover themselves. In more cases than not, I'm not telling people what to do, I'm telling them how I want them to think differently. And then what they do with that is up to them, but it's satisfying for me.

**Small Business Trends: Are you surprised when you ... They know your track record, they know you have this level of success. When you suggest things and recommend things and then they kind of fight you?**

**Marcus Lemonis:** I'm not surprised and I'll tell you why. If any of us had some guy come into their business after we've been in business for 15 years and tell us how wrong we were, that we're doing something wrong, we wouldn't be that crazy about it either, right? And so it's very easy for all of us to sit and watch people who have taken a huge risk by making themselves vulnerable, putting themselves on television, having the error of their ways or the error of their character be exposed. And that's why I'm usually a lot nicer about it, at least early on. Because I think to myself, if that was me I wouldn't want somebody telling me how dumb I was.

And it's funny because I love to compare our show to other shows where people invest in small businesses, and point out that you don't have to tell somebody how dumb they are to get the point across. You don't have to tell somebody that it's the stupidest idea you've ever seen. You're better off telling people, "Okay. Why did you have this idea? And why'd you think it was going to work? Ma'am I just have to tell you they're not going to work. But I understand. But tell me why you did it?" And you've got to get inside their head to understand what their logic was. "Well, I really like music." Okay, let's keep going. And so for me, I think the key is how do you get people to actually think differently. That's the key for me.

**Small Business Trends:** Let's talk a little bit about technology and businesses, particularly small business. We're at a small business technology conference. Do you see small businesses leveraging technology as well as they can?

**Marcus Lemonis:** I think that ... I'll include myself in this answer. I think that technology is an intimidating thing, and I think that in order for companies to be successful in selling their technology, they have to make the user friendliness of it and the humanity of it seem real.

We just had a brief conversation about this [Mevo] camera. I'm fascinated by it, I'm intimidated by it. I think when you're talking about systems, and process, and technology, and accounting, you have to really make it seem simpler than it is. And more importantly, more affordable. So most small businesses do not venture into technology because they think I either A, can't afford the initial investment or B, I can't afford the recurring investment. And I think as entrepreneurs, all of us included, we have to make the technology, and the process of accounting, and systems seem manageable and affordable. And I think that's why conferences like this do that is they're trying to communicate to people that isn't have to be ... It isn't all Dell, it isn't all Oracle and it isn't all Salesforce, which all usually equate to big capital expenditures, big monthly fees. There

are systems and solutions for small businesses and if they want to become a big business, they better get after it.

**Small Business Trends:** You're about to go on stage and speak to hundreds of small business advisors, accounting advisors, what do you plan to tell these folks?

**Marcus Lemonis:** Well I think the biggest advice that I would give small business advisors and accounting advisors is understand their audience, and get to know their clients better, and understand why their clients do what they do, and build a relationship with them. And we'll talk about it during my presentation, but vulnerability for me is the absolute Holy Grail, key to fixing people. And if you're selling a product or service and you're really just selling the product or service, then I think your penetration success is going to be low. But if we can connect on a human level about our lives, about our hardships, about things that have happened to us ... Just about anything.

What you're essentially building is you're building trust. And then once you build that trust, you're saying, "Look man. I'm sorry to have to tell you this but you kind of don't know your numbers, and there's no system in place, and you have no strategy. And I really want you to be successful and I'm in this weird spot because we have a relationship and I have this product. So you tell me how you want this relationship to go. If you want me to just be your



friend and that's it, I'm open to that. If you want me to try to help you improve your business as your friend, I'm open to that as well." And I think that that vulnerability, and that full disclosure, and that transparency would make me open up.

If you said to me, "I can help make your businesses better." I'd be like, "All right. I don't know everything."

I think the last piece of advice that I would give people is small business owners don't want to feel like they're dumb, and they don't want to feel insecure, and they don't want to feel like they've made a bunch of mistakes. And so you have to go on this journey with them where they understand that every decision they made had a plus and a minus, and we're going to celebrate the pluses and we're going to learn from the minuses, and we're not going to point out your frailties. If you can get on the level with them, then it changes. If you go in there like, "You don't know what you're doing. You don't have this right and you don't have that right." It's like, "Look. I don't need to know that I'm in trouble, I knew I was in trouble before you came." And so that's I think the key. And that's what I would tell anybody.

**Small Business Trends: So what big companies that are doing things successfully in your mind are companies that small businesses should really look at, emulate and take lessons from?**

**Marcus Lemonis:** Rather than picking a specific business, I'll pick companies that understand two fundamental things. One, the importance of customer data, and how to accumulate it, and how to mine it, and how to use it, and how to understand it to improve your ROI on marketing, to improve the retention of those customers. But before any of that happens, you have to understand your business.

So many businesses fail to put their numbers, and their cash flow, and their balance sheet into systems where they truly have this dashboard. For me, financial statements are a

necessary evil. You don't go to the doctor without all sorts of information, and your doctor doesn't give you a diagnosis without running a bunch of tests. And he doesn't give you a new diet or a new regiment without having all the information. And I apply that to business. You can't understand where to go in your business, who to hire, who to fire, what to do, how to change things, what to improve, how to change your prices, what products to drop, what products to launch. You don't understand any

If you've ever seen the show "The Profit", it really is about people more than it's about business

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of that if you don't have the footprint of what your business is live. And so, I know people hate accounting, I really do. I know they hate it, but then you shouldn't be in business. It really is one of those things where you're just like, "I don't like broccoli, but my mummy is making me eat it." It'll make you smarter. And if you own your company 100%, you're obligated to yourself. If you have other investors, it's a mandate. I won't do business with people, not even as a customer. If I have a big retail business and there's small businesses that sell products. Unless I know that they understand their business and they have the accounting systems in place. Because if I start doing business with you and I buy your product and I put it on my shelves, and then all of a sudden, you don't have your act together and you go out of business, I'm in trouble.



**Brent Leary**

Staff Writer

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# 8 Secrets to Make Your Home-Based Business a Profitable One

It used to be that you mentioned a “home-based business” and people thought about little old ladies going door to door selling Tupperware.

Today, the idea of what home-based businesses can be has expanded and the power of the internet, cloud computing and changing business cultures means almost any business can be managed from the comforts of home.

If you're thinking about launching a home-based business, or are already running one, then you need to think carefully about the financial side of things. There's a huge

opportunity to shed costs and remain lean, which is often necessary when you're just starting out. However, you have to be intentional about how you spend. Otherwise, you'll get carried away and put your business at a disadvantage.

In the early days especially, your business expenses are what will determine your profitability. You probably aren't bringing in a

ton of revenue just yet, so you have to be careful with how you spend your money and strategic in where you save.

Thankfully, there are a lot of opportunities for home-based business owners to rein in their spending. Here are a few ideas and suggestions:

### 1. Don't Go Overboard With Your Home Office

A lot of people have this grand idea of creating a home office that looks like it belongs in Forbes magazine. While it's nice to have a well-designed office, don't go overboard. All you need is a spare bedroom with a desk, computer, printer, filing cabinet and a few other gadgets. You'll have time down the road to spruce things up. For now, pouring a bunch of money into an office is a waste of resources.

### 2. Shop and Compare Home Service Providers

You should do this whether you rent an apartment or own a home and run your business out of it, but take a few minutes to shop and compare home service providers. A simple tool like InMyArea.com lets you plug in your zip code, research home service providers -- including cable, internet, and home security -- find prices, and compare based on your

You have to be careful how you spend and strategic in where you save

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needs. You may be shocked to learn that the same service can cost as much as 10 to 20 percent more depending on the provider you go with. There's no point in overspending.

### 3. Request an Energy Audit

Did you know that most energy companies offer free home energy audits? It's in their best interest to help customers maximize efficiency, so you can call them to come out and examine all of your home's systems, identify air leaks,

and provide advice on how you can maximize efficiency. With the amount of time you're going to be spending in your home, it only makes sense that you'd want to conserve energy and save on your power bill.

### 4. Take the Home Office Deduction

When it comes time to file your tax return, make sure you take the home office deduction. It's not going to make you rich, but it will save you a bit of money.

Almost any business can be managed from the comforts of home

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There are two ways to file for a home office deduction. The key is to determine which one is best in your situation. There's the simplified home office deduction, which allows you to deduct the square footage of your home office at \$5 per square foot (up to \$1,500). Then there's the standard method, in which you actually track and calculate the direct and indirect home expenses that affect your home office -- including bills, taxes, mortgage interest, etc. For the sake of simplicity, most people go with the simplified option.

### 5. Pool Your Purchasing Power

One of the downsides to running a small home business is that you don't typically have the need for large quantities of supplies. This means you don't qualify for wholesale discounts, which are necessary if you want to keep costs down.

One strategy is to pool your purchasing power with other small business owners you know in the area. By going in together, you can buy things like printer paper, ink and shipping supplies in bulk and then divide them among yourselves.

By keeping lean, you can save money, maximize profits, and seize opportunities

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## 6. Brew a Pot of Coffee

Here's a little tip for the coffee drinkers out there. When you worked outside of the home, you were probably a big Keurig person. Either that or you were a regular at Starbucks each morning on the way to the office. Unfortunately, both are expensive.

As you stay at home, you get to enjoy the benefit of brewing an entire pot (rather than doing one K-cup at a time). By one cost analysis, someone who drinks three cups of coffee per day can save \$400 per year doing it the old-fashioned way. That's not an insignificant amount by any means.

## 7. Hire Remote Freelancers

As you grow your business and need assistance managing the various parts of it, resist the temptation to hire employees. From a cost perspective, the cheapest and most efficient option is to hire remote freelancers. Not only does this eliminate the need to bring employees into your house, but it also prevents you from having to cover payroll taxes and other

additional expenses that come with these formal relationships.

## 8. Talk With Your Auto Insurance Provider

If you've gone from driving to work every single day to working from home, chances are the annual mileage on your vehicle is much lower than it was. Did you know that most insurance providers offer low-mileage or usage-based discounts?

The definition of "low-mileage" varies by insurance provider, but the cap typically falls somewhere in the 7,500 to 15,000 range. Talk with your provider to see if there's an opportunity for you to save some money on your premiums.

## Keep Your Business Lean

Any business functions better when it's strategic with expenditures, but home-based businesses have to be especially cognizant of spending. By keeping your business lean, particularly in the early years, you can save more money, maximize profits, and seize more opportunities when they're presented to you.



**Larry Alton**

Contributor

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# Cloud Computing Can Boost Your Company's Bottom Line

Small business owners are well aware that technology is becoming more important to their success:

- Two-thirds of SMBs indicate technology is a primary factor in pursuing their business objectives; and
- 72 percent of SMB decision makers say that technology solutions can help them significantly improve business outcomes and run their businesses better.

While these numbers are significant, they don't really get at how technology can help small businesses thrive. Nor do they address which technologies are the most critical to adopt in that effort.

However, if you look at the statistics, cloud computing is one of the fastest growing technologies among small businesses, one prediction claiming that 78 percent of small businesses will have adapted cloud computing by 2020.

## The Competitive Advantages of Cloud Computing

Based on the adoption number above, moving to the cloud must provide advantages aside from financial benefits and, if you want your

## Cloud computing is one of the fastest growing technologies among small businesses

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small business to remain competitive, you might want to give them serious consideration.

### Greater Flexibility

Thanks to relatively new cloud licensing models, small businesses can leverage the cloud when they need to without permanent cost increases.

For example, if your small business wanted to add new cloud servers to cover an innovative project, it can add these in minutes in the cloud for an increased fee. When the project is complete, you can release those new instances and your fees drop back to the previous level.

This is radically different than the old days when you may have needed to buy equipment to handle the extra workloads from a project and, once the project was over, you were left with an expensive paperweight.

### Business Intelligence

When it comes to competitive advantage, business intelligence is the new black. That's because you can use data to better understand your customers and fuel better decision making. The numbers bear this out:

- 44 percent of SBOs who use data analytics tools report increased sales, compared to 33 percent who do not; and
- Companies using analytics are 5 times more likely to make faster decisions.

### Increased Security

Far from being less secure, working in the cloud is actually safer:

- Businesses have experienced a 51 percent higher rate of security incidents in on-premises data centers than those in the cloud.

- 94 percent of SMBs have experienced security benefits in the cloud that they didn't previously have with their former on-premise technology approach, such as keeping systems up-to-date, spam email management and up-to-date antivirus.

This goes a long way when building that all important customer trust. Customers that don't trust you won't do business with you and keeping their data safe is an excellent start.

### Better Collaboration

There are many benefits of collaboration, including better communication, maximized employee utilization, and satisfied customers. Any one of these can be considered a competitive advantage, especially if your competition does not have the systems in place to support the same level of collaboration.

## When it comes to competitive advantage, business intelligence is the new black

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### More Uptime

If your small business systems go down, the loss to your business can be great, both financially and in customer trust.

Working in the cloud however, helps alleviate the issue:

- 75 percent of SMBs said they experienced improved service availability since moving to the cloud;
- 96 percent say it creates less worries about outages; and
- 61 percent of SMBs said both the frequency and length of downtime has decreased since moving to the cloud

That's reliability you can take to the bank.



### Leveling the playing field has always been one of the cloud's biggest promises and it delivers

#### More Money

While the financial benefits of cloud computing were mentioned above, there's one side benefit that provides another competitive advantage:

- 70 percent of companies Microsoft surveyed report reinvesting cloud cost-savings back into their business.

What would your small business do with extra money?

#### More Time

In the same way, cloud computing provides time savings that can be considered a competitive advantage:

- 50 percent of SMBs have pursued new opportunities because of the time they saved managing security

What would your small business do with extra time?

#### Enterprise Technologies

Finally, moving to the cloud enables a small business to get their hands on technologies, like the ones above, that they normally would never be able to afford. In turn, this enables those small businesses to compete with companies that are much larger in size.

Leveling the playing field has always been one of the cloud's biggest promises and, in this case, it delivers.



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# Boost Revenues with These 4 Pricing Tactics

Pricing is one of the most important aspects of running a successful business, yet most entrepreneurs give it very little thought or scrutiny.

Why is this? And how can you change the way you view pricing in your own business?

## The Problematic Pricing Plague

If you think about it, the price of the products and services you sell has a major impact on every facet of your business. If prices are too low, you'll probably see fantastic sales volume, but you won't be able to make enough profit to

keep the lights on. If prices are too high, you might have a robust per-unit profit margin, but you're only going to sell a fraction of the volume that you need to sell in order to pay your employees' salaries.

The price of a product isn't just a number. Sometimes moving a price just 75 cents or a dollar in one direction can have a significantly positive or negative result. Yet in most

companies, pricing is something that happens independently. Often, prices are set rather arbitrarily.

“Pricing is a concept that transcends profit margins. It’s also a marketing tactic that can help your business boost sales volume,” respected entrepreneur [Neil Patel explains](#). “When you think about pricing, you need to focus on more than what will cover your company’s operating expenses and pay the bills. You need to choose numbers that will compel your audiences to buy.”

Patel is touching on the real heart of pricing in today’s marketplace. While some consideration must be paid to profit margins so that you’re sure you’re turning a profit and covering operating costs, more attention needs to be given to pricing psychology and how it dissuades or compels customers to open up

## The price of products and services has a major impact on your business

their wallets.

Sometimes sales slumps have nothing to do with the product you’re selling. While it’s easy for your mind to immediately jump to the conclusion that business is slow because customers aren’t interested in what you’re selling, it’s quite possible that it’s your pricing that’s all wrong.

### 4 Pricing Tactics and Trends Worth Trying

Pricing is a very psychological thing. Whether you’re selling candy in a convenience store or luxury homes in a hot real estate market, [how you price your products](#) will have a very real impact on the way consumers perceive value and associate with your brand.

In 2017 and beyond, you’ll see a lot of competitive businesses implementing the



following pricing tactics and trends. Check them out and see if they could work for you.

### 1. Freemium Model

You’re most likely familiar with [freemium pricing](#), even if you’ve never utilized it. Freemium simply involves offering a free service with the intention of eventually turning that free business into paid business.

“Basically the objective of this model is to get the users hooked to the free product, thereby motivating them to subscribe for the paid plan and also promote the product via word-of-mouth,” marketer Sadhana Balaji notes.

The freemium model is often seen with software and online tools and tends to be wildly successful, so long as the core product is deemed valuable. A poor product will render the freemium model useless and will ultimately end up bankrupting a business.

### 2. No-Hassle Pricing

For the most part, American commerce operates under the assumption that the price you see on the sticker or tag is the price you pay. There are, however, a few exceptions to this – one is the car sales industry. When you walk onto a new or used car lot, it’s generally assumed that the price on the sticker is merely the starting point. Sure, you could pay that price, but you can almost certainly get them to knock it down some with strategic haggling.

Interestingly, many auto dealers are actually

trying to move away from this traditional approach to sales and are implementing “no-haggle” pricing that means the price on the sticker is the price the customer pays.

San Diego-based Greg Miller Toyota is one example here. They offer something called Power of One pricing, which is designed to eliminate the back-and-forth hassle of haggling, while simultaneously building trust and maximizing efficiency.

## The price of a product isn't just a number

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If you're in an industry where haggling is expected, moving to a no-hassle pricing strategy can set you apart from the competition and put consumers at ease.

### 3. Price Anchoring

One of today's more popular pricing strategies is referred to as anchoring. It's a simple, yet effective tactic that seems to work exceptionally well both online and offline. With this technique, you simply provide two or more pricing options for similar items, with one being priced significantly higher than the others. In the consumer's mind, the high price of one product makes the lower price of another product seem like an awesome deal.

Zoho CRM gives us a good example of what this looks like in practice. Check out their pricing page and notice how they have four different plans for \$12, \$20, \$35, and \$100 per month. Zoho knows that the majority of customers aren't going to pay for the “Ultimate” plan at \$100 per month. However, including this outlier makes the \$35 plan – which is what they want customers to lock into – seem like more of a value.

The same thing can be done in a retail store. Placing a \$200 handbag next to a \$59 handbag makes the second one seem like a good deal

and increases the frequency of purchase. It's simple psychology.

### 4. Rounded vs. Non-Rounded Numbers

Everyone is familiar with the use of the number “9” in pricing. Instead of making a widget \$10, a retail store will sell it for \$9.99. This pricing tactic is rooted in something called the “left-digit effect,” which says consumers don't usually read to the end of a price. Even though an item priced at \$49.99 is just one-cent shy of \$50, it's more likely that the consumer is going to mentally perceive the item as costing \$49. Then there's the theory that prices ending in a “.99” lead consumers to believe that there's a deal. This increases purchases and leads to greater customer satisfaction.

But what's even more interesting than studying the “left-digit effect” is realizing that there's a time for non-rounded numbers and a time for rounded numbers. This is something marketing professors Monica Wadhwa and Kuangjie Zhang found after conducting multiple experiments on the subject. They discovered that different categories of products are evaluated in different ways.

## Sometimes sales slumps have nothing to do with the product you're selling

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“For example, products that are recreational or luxurious benefit from rounded prices: Consumers were more inclined to buy a bottle of champagne when it was priced at \$40.00 rather than at \$39.72 or \$40.28,” explains Bouree Lam, a staff writer at The Atlantic. “However, for purchases that are utilitarian—a calculator, in this experiment—participants were more likely to buy at the higher non-rounded price.”

In other words, depending on the product you're selling, you might be better off using



rounded or non-rounded numbers. It's certainly worth playing around with.

### The Price is Right

There are a lot of myths surrounding pricing and what it looks like to set the right price. However, one of the more pervasive and delusional ideas is that every product has one "sweet spot" price. And if you can just find that sweet spot, then you'll be set.

The reality is that a product's price can't be stagnant. Your customers' needs are changing; competition in the marketplace is increasing; seasonal patterns impact demand; stylistic trends evolve; etc. So why would you let your price remain the same from month-to-month and year-to-year?

If you've learned anything from this article, it should be this: Pricing is a strategic element of your business and there are certain tactics you can use to achieve specific results that align with your business needs.

"Plug and play" pricing isn't practical or profitable in today's dynamic business world. It's time to get more creative with what you're doing and develop an advanced pricing strategy that allows you to engage consumers, maximize sales, and grow your profit margin. Which tactics will you use?



**Larry Alton**

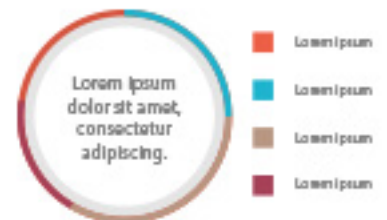
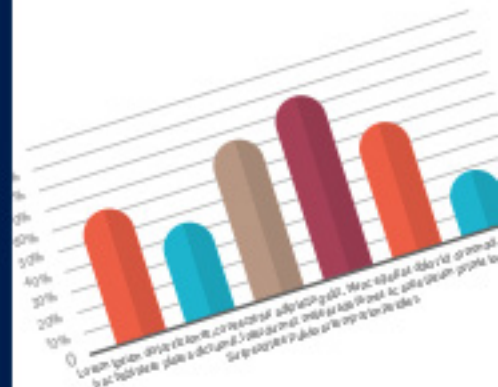
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# Earn More Profits with More Engaged Employees

In America, only **32 percent of employees are engaged at work**, and it's costing businesses billions of dollars a year in lost revenue.

From the cost of employee turnover to lost productivity and poor customer satisfaction ratings. The answer: If you want to increase profits, keep your team happy.

## **Find Your Baseline To Increase Employee Engagement**

Before you can focus on improvement, you need to know where you stand. You'll get a

pretty good idea of how engaged your employees are by looking at productivity, turnover and absenteeism, but [survey data](#) can provide unbiased information you can use to align your staff with corporate goals. Once you know what you're working with, you can craft a strategy to get the staff engaged and happy to be working with you.

## Praise your team for a job well done

### Remember, Your Employees Are Assets

Research shows the [biggest drivers of employee engagement](#) are belief in management and growth and development. Build strong relationships with your team and provide opportunities for advancement. Focus on creating a positive work environment with emphasis on employee well-being.

While an employee benefits package may go a long way in helping you attract top talent, it won't necessarily translate to top performance. Incentives, particularly those that help improve work-life balance, however, can make a difference. Talk to your team to learn what [incentive programs](#) they'd be most interested in to ensure your investment is well spent.

Consider offering flex-time, with clear guidelines as to who is eligible for what, and when, so employees have the option of working a more flexible schedule. Though it seems counterintuitive, giving your employees ample time off helps productivity. Seventy-seven percent of HR managers say employees who take their vacation time are more productive than the employees who do not, and 75 percent say this leads to higher performance while 78 percent say it leads to higher job satisfaction.

### Adjust Your Processes

How are you currently tracking your employee productivity and performance? If you're micromanaging, your employees are feeling it — and chances are they're not too happy about it. Consider changing how you track these things to better allow employees to maintain control. There are many [tools available online](#) that make it easy for you to keep tabs on how your staff is doing, without breathing down their neck as you do it.



What else can you do to simplify everything — not just for your team, but for you as well? With the variety of cloud-based software options on the market, many integrate to streamline workflow and processes, thus creating more efficient use of time, allowing for productivity increases elsewhere.

For example, integrating your customer relationship management (CRM) software into

## Work for your employees, and they'll work for you

your website's lead capture form could automatically send the contact information to the CRM, so a staff member doesn't have to manually enter all the data. Instead, they can focus on following up on those leads and nurturing them through the funnel.

### Learn the Power of Praise

Whenever and wherever possible, praise your team for a job well done. A [2013 study](#) showed 83 percent of employees believe recognition was better than any gift or reward. The study also said 88 percent found managerial praise either "very" or "extremely" motivating while 76 percent said the same of peer praise.

It's worth noting that employees who have tenure, are engaged and are working a position where their talents shine have an average of



## Incentives can make a difference

18 percent higher productivity rate than average employees, and 35 percent higher than someone who doesn't have tenure, isn't engaged and is working in a position where their talents aren't highlighted. Spend time making sure your staff is in the right job and creating a work environment that keeps them engaged, so they want to stay and build tenure. In the end, you'll boost employee performance

and profit. You could see an increase of \$6 million or more per 1,000 workers, and even more when working with highly educated professionals.

### Bottom Line

Work for your employees, and they'll work for you.



**Brian Hughes**

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# 4 Strategies to Boost Your Bottom Line

When business owners strategize ways to increase profits, their energy is usually focused on how they can attract more customers to generate additional sales.

However, working smarter -- not harder -- is the key to boosting the bottom line. Improving net earnings is directly linked to controlling costs, increasing productivity, marketing resourcefully and tightening credit terms.

## Strategies to Increase Your Bottom Line

### Train Employees to Increase Productivity

Well-trained employees who know the scope of their jobs and are held accountable for their

productivity can save companies thousands of dollars each year. The time and money invested in training employees to be savvy customer service representatives, enthusiastic brand ambassadors and productive team members are returned in higher-quality products, increased

Strong training programs focus on developing functional skills

## Working smarter -- not harder -- is the key to boosting the bottom line

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output, happier customers and better retention rates. Along with training, productivity tracking programs can identify which employees are excelling at their jobs and which underperforming employees need extra support. Strong training programs focus on developing functional skills, improving company processes and streamlining strategic goals.

### Market Smarter, Not Harder

Marketing smart requires paying close attention to the return on investment (ROI).

put into advertising channels. Many marketing professionals theorize that spending \$100 to make a \$50 sale is worth the effort since that one customer could potentially generate long-term business. However, low-value customers rarely return because they are always on the lookout for the next best deal.

When creating strategies to increase your bottom line and satisfy marketing goals, instead of focusing on growing sales by 20 percent during the next six months, look for ways to decrease the cost per customer acquisition by 20 percent. Target existing customers by offering enticing add-on goods and services that improve the quality of the company's main product. These high-value patrons are more likely to purchase these additional items because they already believe in the company. This approach not only strengthens customer satisfaction but also boosts sales so that businesses are improving their top and bottom line.

### Control Overhead Expenses

There are a number of unnecessary costly overhead expenses that often run good

companies into the ground. Decrease an office lease by sharing space with another vendor or allowing employees to telecommute. Take advantage of software programs that automate routine tasks, such as accounts payable, email marketing and data storage. Every two to three years, seek out updated quotes for insurance, printing and supplies to ensure you are receiving the best prices. Budgets should also be reviewed annually to determine if cuts can be made to overhead expenses that do not affect employee performance or product quality.

### Revise Collection Procedures

Late-paying customers can create serious cash flow situations that too often lead to the demise of a business. Having multiple delinquent client accounts is a sign that a company's credit terms are too loose. Revise the general terms by implementing late fees or charging interest on unpaid invoices. Rein in

## Low-value customers rarely return

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the amount of credit extended to chronic late payers by requiring partial payments before a new project begins. Offering an affordable installment plan can also encourage clients to reliably send in a check for services rendered.

Do you know any additional strategies to increase your bottom line?



**Anita Murphy**

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# Is Your Small Business Facing a Profit Crisis?

**Think there's not a profit crisis? The Small Business Administration conducted a recent study and found that of the 28 million small businesses in the US, about 83 percent are not profitable.**

That's a shocking statistic. The vast majority of small businesses lose money. That means these small businesses are likely to close, ending job opportunities and reducing incomes for millions of families.

How do so many small businesses fail to turn a profit? It turns out that it's because of the

way we think about profit — our profit mindset. We talk about “year-end profit” or “the bottom line.” We consider profit to be whatever is left over after we pay all our bills.

The problem? Too often, there's nothing left over.

### 83% of small businesses are not profitable

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We think of profit as an event — something we will eventually, at long last achieve. It's just over the next hurdle, just around the bend.

The trouble? Profit isn't waiting for us to arrive.

#### How to Make a Profit

What we need in order to solve the profit crisis is a new perspective — a completely new way of thinking about and achieving profitability for our companies. And here it is: You take your profit first.

Every single bit of revenue that comes into your company becomes a step toward profitability. When you get a check, you deposit a predetermined percentage into a separate account that's designated as your profit account. You open this account at a new bank, and you don't link it to a debit card. You don't pull funds from it to pay bills. This is your profit account, and you fund it first, every single time money comes in.

Now you may be just barely getting by right now, and you may worry that you won't be able to pay your bills if you start setting aside profit first. But here's the secret ... you'll find a way. You'll become more frugal. You'll drum up more business. You'll learn to do more with less. Think about it — if you lose a client (and future revenue) you don't just close up shop, right? You find a way to make it work.

Now I know that putting profit first works. I've seen hundreds of companies all over the world transform themselves into lean, specialized, profitable businesses. But for people who are apprehensive, I suggest starting small. Try taking 1% of your revenue as it comes in and starting that profit account.



### Every bit of revenue becomes a step toward profitability

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1 percent? You'll never miss it! But as you watch it accumulate, as you realize that you can still pay your bills and sign your staff paychecks, you'll begin to understand how it works.

We must learn to prioritize profit if we are to succeed as entrepreneurs. And to be clear, I'm not saying that money is everything in life. But if you want your business to thrive ... if you want to be able to provide for your family, you owe it to yourself, your employees, and your community to run your business profitably.

The solution to the profit crisis is to shake off the old mentality — that profit is what's left over — and to adopt a new mindset — profit comes first.



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# Embrace Big Data for Bigger Profits

**Small businesses are thinking bigger about their data – and it's about time.**

The term big data sounds intimidating – reserved only for the Fortune 500 leaders – but that could not be further from the reality of data analytics in the competitive small business market today.

Previously the exclusive domain of statisticians, large corporations and information technology departments, the emerging availability of data and analytics – call it a new democratization – gives small businesses and consumers greater access to

cost-effective, sophisticated, data-powered tools and analytical systems.

For small businesses, big data will deliver meaningful insights on markets, competition and bottom-line business results for small businesses.

**Big data will deliver insights on markets, competition and results**

### The big data revolution promises a wide range of benefits

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For small businesses and consumers, the big data revolution promises a wide range of benefits.

#### **New Tech, New Rules**

Today, big data is changing the rules of commerce and business operations, creating opportunities and challenges for small businesses. The convergence of three leading computing trends – cloud technologies, mobile technologies and social media – are creating cost-effective, data-rich platforms on which to build new businesses and drive economic growth for small and large businesses alike. This helps boost local economies as well as global e-commerce and trade.

#### **Optimizing Insights**

Digital data will continue to turbocharge the movement to understand analytics, in both small and large businesses. Proprietary data combined with data from the cloud will continue to create new insights and a deeper understanding of what consumers need, what they like and what will keep them happy.

The development of new data sources and unique analytics will drive entrepreneurial growth around the globe over the coming decade.

#### **Better Management**

Today, small businesses can leverage business management solutions, including Enterprise Resource Planning (ERP) and Customer Relationship Management (CRM) software platforms, to automate operational management tasks and keep better watch over their very own big data – including analytical views of sales and marketing campaigns.

Small businesses can stay on top of

accounting, cash flow, budgets, balances and more with financial management software alternatives, as well as tools and applications for inventory management, project management, fleet management, human resources and more.

#### **Real-Time Decisions**

By optimizing real-time data analytics, small businesses today are capturing a better view of their administrative, sales and marketing practices – including real-time overviews of

### A new culture of small business is emerging

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what's working well and what needs scrutiny. Small businesses mining their own big data today routinely deploy a variety of solutions – most originating in the cloud – to improve operational and administrative efficiency and productivity, while reducing manual tasks and redundancies.

Today, small businesses are no longer intimidated by big data. They are embracing it to create and manage bigger opportunities for growth and profitability.

Today's competitive small businesses realize that optimizing analytics and business intelligence allows them to recognize the full benefits of their very own big data – powering better marketing, sales and operational efficiency, productivity and functional gains. With data-driven tasks and decisions in the mix, a new culture of small business is emerging, powering greater opportunities for the small business community, its vendors and customers.



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# Redcort Software Develops Virtual Time Clock for Efficient Businesses

The concept of a time clock for tracking employee hours has evolved quite a bit throughout the years. And for the last 20 years, Redcort Software has been highly involved in that evolution.

The company develops software programs for helping businesses track employee time and attendance in a way that's actually efficient. Read more about the company and its offerings in this Small Business Spotlight.

## What the Business Does

Provides virtual time clock software to businesses.

Office Manager Adam Carmichael told Small Business Trends, "For over 20 years we have

been developing, selling and supporting innovative time clock software. We also develop and provide free time and attendance resources that are available to anyone."

## Business Niche

Providing personalized customer service.

Carmichael says, "We recognize that our customers deserve our genuine appreciation for their business. In an age where customer service is constantly being outsourced and





mishandled, we strive to handle customer service the old fashioned way by committing to treat others as we wish to be treated.”

### **How the Business Got Started**

To help out a friend.

Carmichael explains, “In the 1980s, our founder and CEO developed a simple time clock program to meet the needs of a friend and local business owner. Virtual TimeClock was branded for general sale in the 1990s, and we’ve been developing innovative software solutions perfectly fit to customer needs since that time.”

### **Biggest Win**

Helping business owners.

Carmichael says, “There have been several ‘big wins’ for us a company over the years, but honestly, every time we hear from a customer that our software makes their life easier and less complicated, we get excited – and we’re fortunate to hear those simple stories on a regular basis.”

### **Biggest Risk**

Constantly evolving and changing.

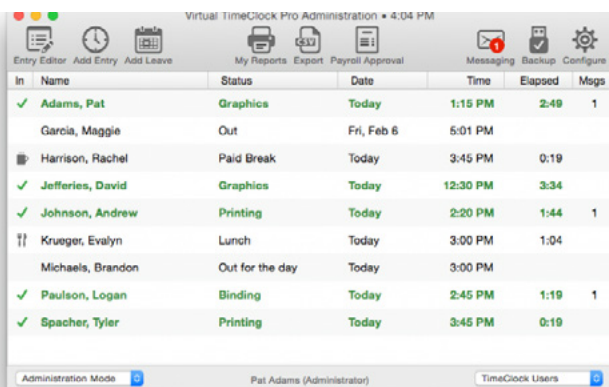
CEO Keith DeLong told Small Business Trends, “In the software business, the passing of time,

even brief periods of time, is an existential risk. Rapid changes in technology constantly require major portions of our software to be completely reengineered. Our first challenges were radically new operating systems for the emerging Windows and Mac computing platforms. Next, ubiquitous local area networks revolutionized communications between devices within even the smallest businesses. The Internet changed everything once again as it connected us remotely and kept us always online. Soon after customers starting doing real work on their phones, tablets, and a variety of lightweight mobile devices. Today, the Internet of Things (IoT) and Software as a Service (SaaS) are redefining and causing us to recreate our products all over again.”

### **Lesson Learned**

Focus on specific priorities.

DeLong says, “If I could do it all over I’d commit regular time to reassess my priorities. I’d seek more outside input. I’d include more reflection. While I’ve been pretty focused over the years, I’m learning that I’ve also been pretty undisciplined. Hard work, even on good things, is not enough. Since my time and resources are finite, I need to work on the best things.”



In	Name	Status	Date	Time	Elapsed	Mags
✓	Adams, Pat	Graphics	Today	1:15 PM	2:49	1
	Garcia, Maggie	Out	Fri, Feb 6	5:01 PM		
	Harrison, Rachel	Paid Break	Today	3:45 PM	0:19	
✓	Jefferies, David	Graphics	Today	12:30 PM	3:34	
✓	Johnson, Andrew	Printing	Today	2:20 PM	1:44	1
	Krueger, Evalyn	Lunch	Today	3:00 PM	1:04	
	Michaels, Brandon	Out for the day	Today	3:00 PM		
✓	Paulson, Logan	Binding	Today	2:45 PM	1:19	1
✓	Spacher, Tyler	Printing	Today	3:45 PM	0:19	

## How They'd Spend an Extra \$100,000

Marketing.

DeLong says, "If we had an extra \$100K, we'd almost certainly put it in the marketing budget. It's expensive to get the good word out about your business and products."

## Communication Method of Choice

IM.

Carmichael says, "We use instant messaging to communicate throughout the day. Even when we're sitting right next to each other."

## Favorite Quote

"Get the right people on the bus." -Jim Collins from Good to Great.

DeLong explains, "Getting the right people on the bus is an easy way to remember that WHO we work with is our absolute first priority. WHAT we do must always be secondary. A team that is committed to each other as a first priority is agile, adaptive, and flexible. At the end of the day, it's these relationships that make work meaningful and satisfying. As a leader, it's my job to get the right people on the bus, to help everyone locate their best possible seat, and to help the wrong people get off the bus at our very next stop. This simple quote and its important underlying principles have transformed my thinking as a leader."



**Annie Pilon**

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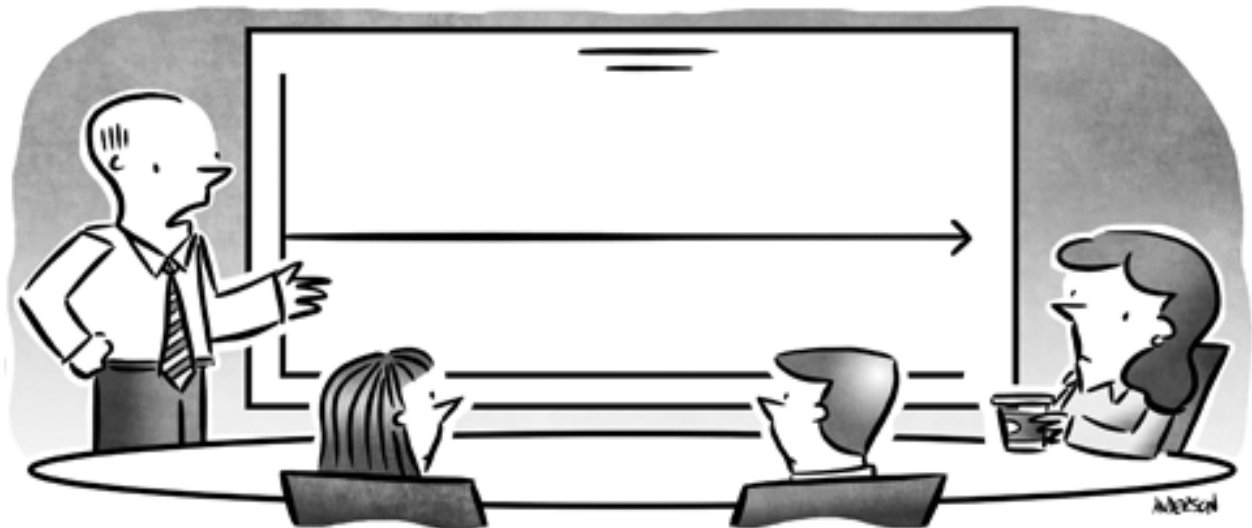
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# It May Be The Shortest Distance Between Two Points, But it's Also Bad for Business

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"I mean it's got to do something sooner or later, right?"

Lots of times when I do a graph cartoon it's about what do the lines/bars do that I can express in a funny way. Do they look like something? Is there an extreme change? Is there another visual element I can impose?

But in the case of this cartoon, I challenged myself to come up with something for a graph that does absolutely nothing at all. I even made sure that the line and the bottom axis were perfectly parallel. The only element I added was lengthening the graph to drive that point home.

I like the gag, and I guess that their data is steadfastly comforting, but you just know something is gonna happen soon ...



**Mark Anderson**

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Mark Anderson's cartoons appear in publications including *The Wall Street Journal*, *Reader's Digest*, *Harvard Business Review*, *Good Housekeeping*, and *Forbes*. Anderson is the creator of the popular cartoon website, [Andertoons.com](http://Andertoons.com). The cartoonist also creates custom cartoons for companies looking to associate his gentle wit with their products and brands. He blogs at: [Andertoons Cartoon Blog](http://Andertoons Cartoon Blog).



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