American Industrial Hygiene Association

• Managing The Business – Top Ten Financial Critical Elements

• Edward Fields

• June 6, 2007
• © The Consulting Firm, Inc 2007
10. Learn More About Finance

• Managing the business is a financial process. It helps you to understand what the company can afford, how fast it can expand and how successful you have been.
9. Learn More About Finance

• Every sale is a financial process. It is a negotiation about price, profit margins, level of service, and credit terms (accounts receivable).
8. Use An Outside Accountant

- Even if you have an internal staff. They will help you to assure the integrity of your financials, improve the performance of your internal team, assure tax and other compliance and help to improve profitability.
7. Know The Profit On Every Assignment

- This will monitor the emotion of your negotiating process and help to assure that resources are dedicated to that which is most profitable.
6. Do A S.W.O.T Analysis Every Six Months.

- This is Strengths, Weaknesses, Opportunities, Threats. This should include a frank discussion of your entire team. It assures that all issues are “on the table”. Strengths will be accentuated, Weaknesses should be corrected, Opportunities will become action plans and implemented and Threats will be prepared for and neutralized.
5. Prepare An Annual Budget

• This involves the management team discussing plans and goals for the year and each of its months. It assures that goals are established, resources are appropriately allocated and performance monitored. Integrate this with the SWOT Analysis.
4. Create Key Indicators For The Business

- These can be both statistical and financial. They could include average Gross Profit, Hours billed, overhead/revenue and other factors that are critical to the success of your business.
3. Prepare A Gross Profit Matrix

• This is Gross Profit / Revenue for each customer, type of customer, type of service and industry. This will help you to understand why you are making money, prioritize your selling effort. It improves management focus on why you are successful and how you can improve.
2. Have A Monthly Performance Review

• The management team should review actual financial performance, compare this with the Budget, analyze the Key Indicators, monitor action plans associated with the SWOT Analysis and identify courses of future actions.
1. Collect Your Money Fast

- You are the provider of very high quality services that are very important to your customers. They appreciate how hard you worked to gain those skills, understand the financial risks you have taken to build your business and should understand the value to the relationship of their paying the bills fast.