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Expertise for the business owner since 1977

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Manage from a Single Piece of Paper

Robert L. Marcotte invests in small private companies. Lots of them — $4 billion worth since 1998[1]. What does he look for? Great managers.

How does he assess the quality of the manager (typically the business owner)? He simply asks:

> **"What four or five things do you look at, daily or weekly, that are critical to the ongoing success of the business?"**

Great managers, he says, can answer this question immediately. They know exactly where their company "is" based on four or five key indicators. They also are constantly aware of where the business has come from and where it appears to be going. The indicators are also levers that must be pulled to enhance performance.

Would you pass Mr. Marcotte's test? Would he immediately conclude that you're a great manager?

Gary Sutton, legendary turnaround expert and author of *The Six Month Fix*, urges all business owners to "manage from a single piece of paper." He says, "You can run a business with financial statements, but that's like standing on the stern and telling the captain how many rocks you just missed."

Marcotte agrees. Financial statements tell you about the past — and include limited information at that. Sutton suggests we monitor information that looks ahead, such as:

- Inbound calls/responses by source (e.g., referrals, ad campaign 1, ad campaign 2, marketing program A, marketing program B, etc.)
- Orders received (units and gross profit, by product and/or product line)
- Orders shipped (units and gross profit, by product and/or product line)
- Orders received but not yet shipped (units, revenue, gross profit, and estimated ship dates)

continued on page 4

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From the Editor

Happy New Year!

David L. Perkins, Jr.

Will this be a good year for you? How will you know? What will be your gauge? Why not make the mark very clear. Establish your #1 business priority for 2007. Set a #1 personal priority as well.

The years fly by. You work nonstop. But are you working on what is most important to YOU? I mean things that Steve Covey calls "important but not urgent," things you know are important but that do not DEMAND attention. The phone doesn't ring for those things. They sit silently and await your attention.

Are you just a rat on a treadmill, putting out fires and responding to the demands of the world around you? Is that what great leaders and managers spend their time doing?

In our personal and business lives, we all need to say "no" more often. Kill low-value projects. Eliminate habits that don't add value or that sap time, energy and money. We need to delegate. We need to lead and manage. Get out of daily minutiae. Only by thinking about the future, and working each day to get there, can we make real progress.

To enjoy the spoils, you need to be in the top 20% of everything you do. If you're in the bottom 80%, you'll get what everyone else gets — not nearly enough to make it all worthwhile. Not nearly enough to make your mama real proud. Not nearly enough to look beyond your own needs and have the freedom and resources to help others. That's why you read *The Business Owner*.

Read *The Business Owner* in 2007. Get smarter. Get better. Get in the top 20%.

Sincerely,

David L. Perkins, Jr.
Publisher and Editor

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STRATEGY

Three Tips from a Turnaround Titan

Gary Sutton is a turnaround expert. One of the best. His skill is improving profits, and fast. What does he suggest you and I do to improve the profit we earn from our business? Here are a few of the biggies:

1. **Identify What You Do Best.** What meaningful customer benefit do you provide better than anyone else? This ability of yours is the only way to keep customers, earn a profit and stay in business. If you don't do anything better than the rest, you're on borrowed time. Not sure what you do best? You better find out or create something, and fast.

   To begin, ask your customers why they do business with you and what you do better than anyone else. Write it down. Share it with others. Hone it and revise it until you get it right. Don't worry if there isn't conclusive evidence that you do it "better than anyone else," just get it down. More important than what it says about you today is that it should become the vision for your company and the heart of your mission statement. It should be achievable and sustainable. It will be how and why you'll compete effectively in the future, keep existing customers, gain new clients and succeed.

2. **Make What Sells. Don't Sell What You Make.** When you have gotten close to your customers and learned what they really want, give it to them. Your entire organization should serve the wants and needs of your customers. Not all customers, but a select group of customers or potential customers who have certain wants or needs that you are more capable of fulfilling (or more determined or focused) than anyone else. If you are making products and then trying hard to find someone who will buy them, you have it backward. Start instead by asking yourself what customer types you are uniquely suited to serve with your products and/or services.

3. **Find the Profit.** Identify products/services that make money, and stop doing the rest. Reinforce, improve and solidify the profitable business, and cut all expenses not needed to deliver profitable products/services. Avoid money-losing and breakeven products/services. If a product/service loses money, try to make it profitable by raising prices. If that doesn't work, lower prices and see if volume picks up to achieve profitability. If neither works, discontinue the product/service altogether. Then resist the temptation to add products/services that are not competitive and thus not profitable. ❑

Source: The Six-Month Fix, *by Gary Sutton*

RISK MANAGEMENT

What? Our Backups Didn't Work?

What could bring you down the fastest? For many businesses, it's the database. If your hard drive crashed today, or if it were stolen, what would be the effect on your business? You have a backup, you say? Are you sure?

The best thing you can do is physically take the computer or server your key data reside on and put it in the trunk of your car. Tell your IT person that he has five hours to show you your data. If he can't, then each day you bear an unacceptable risk. Do something about it. Then run this same test each year. ❑

***Manage from a Single Piece of Paper,* continued from cover**

- Cancellations (number of orders, units and gross profit)
- Returns and/or warranty claims (number of units by product)
- Total gross profit
- Total gross profit margin
- Payroll expense (regular, overtime, temporary and total — and each as a percentage of gross profit)
- Accounts receivable (total dollars, total dollars as a percentage of annual revenue, and past due accounts)
- Product development status (When will your future "winners" be ready?)

In addition to the 11 items suggested by Gary Sutton and listed above, include a breakdown of costs by expense category (see Ken VanTreese sidebar). Include both fixed and variable costs, and label each as one or the other. Next to each raw number, add percentage of revenue taken by each. Here's the checklist item:

- Expenses by category, each coded as fixed or variable (dollars and percentage of revenue)

Next, let's add liquidity data, inventory data and data a little more upstream in the sales cycle:

- Cash on hand
- Credit available (add expiration data of current facility)
- Inventory (total dollars, total dollars as percentage of cost of goods sold)
- Number of new quotes issued (or bids, contracts or agreements — for the past week)
- Quotes eliminated (or bids, contracts, pending agreement, etc.)
- Total quotes outstanding (or bids, contracts, agreements, etc.)

Now this is a great one-page data sheet. Have this delivered to your desk once a week and you'll be empowered with the information you need to do your job — and do it well. But before Mr. Marcotte will give you an "A" grade, you'll need to answer a second question:

"What are your incremental economics?"

Similar to his first question, the answer will depend on your particular business. But this one is a little trickier. What he means is, what is the profit that you earn on each additional sale? Of course, you'll know this because it's already on your data sheet. Mr. Marcotte wants to know because he knows that once a business has hit its breakeven point, every dollar of gross profit falls to the bottom line. So you better know your breakeven point in units and dollars (per week, month, quarter and year).

But Mr. Marcotte also wants to know if you are in touch with the profit profile for each of your profit engines. To identify your profit engine, ask yourself, "Where do our revenues come from?" Sales people? Web site listings? Store locations? Product lines? Departments?"

Whatever is a profit-generating engine for your business, you should track and monitor the performance of each. That is, the current and cumulative revenue, expense and profit. For example, if you have several sales people, track the performance of each and compare them against each other. If you have several locations, direct mail campaigns or products, do the same for each.

Here are our final data sheet items:

- Breakeven point (dollars over/under)
- Performance of each profit engine (revenue, expense and profit by month and since inception)

Does this sound empowering? Of course it does. You should do it. Every business owner should. Have your in-house financial person prepare and deliver each week your own one-pager. If that person is you, it's time to find someone else to do the bookkeeping. Your time is better spent on marketing, sales or product development. Or maybe you should quit working so hard. ❑

Note: Following is a sample one-page report for a newsletter business.

[1] Robert L. Marcotte is Managing Partner of MCG Capital. The investments mentioned here are investments made by MCG Capital.

Robert Vlasic: Keep It Simple

Robert Vlasic owns and manages a car leasing business, a nursing home, a real estate business, and a pickle company.

"I have a rule that one, and only one, piece of paper is submitted to me weekly from each business. This type of communication is critical," he says.

The pickle business is growing rapidly and the others are steady. Rapid growth can be hard to manage, but Vlasic keeps it simple. His sheet for the pickle business shows the number of cases of pickles shipped that week, by category of pickle. It shows the dollar total, gross profit, and labor expense by plant. It includes the number of hours paid by each plant for administration and labor plus overtime. It makes comparisons by the week and by the quarter.

In 1962, Vlasic had sales of $1.7 million and profits of $100,000. In 1971, sales were $27 million and profits $1.8 million. He was willing to grow as fast as possible, as long as profits were 5%. In 1975, sales hit $60 million. Today, Vlasic is the dominant pickle brand in North America.

According to legendary turnaround expert Gary Sutton, the key to Vlasic's success is keeping it simple and never letting profits slip in pursuit of revenue growth. Managing from a single piece of paper forces Vlasic to focus, and eliminates distraction.

Source: The Six-Month Fix *by Gary Sutton.*

Ken VanTreese: Managing from Your Yacht

I once met the owner of a manufacturing business. His name was Ken VanTreese. His business, Wood Concepts, built high-end signs for apartment complexes all over the U.S. He described his business as "increasing occupancy rates through great signage." (How's that for selling value instead of price?)

His business was in Oklahoma, but Ken lived on a yacht in the Caribbean. I happened to catch him in town and we sat down for a chat. He explained how he was able to manage his business from a boat a thousand miles away. He said it was a process. He first identified the key criteria for his business and developed a summary report that charted the performance of each. Then he trained his employees to manage all aspects of the business and to generate and interpret the weekly report. Next he bought a yacht and moved into it, and instructed his employees to send him the weekly report every Tuesday at 9 a.m. Now, if performance is off a bit, he calls to discuss corrective action. In the very worst case, he has to visit in person.

VanTreese's report even had some data not suggested by Sutton. Particularly, operating costs by expense category — both fixed and variable. Ken knows exactly which expenses should not rise, which indeed are variable (a percent of revenue), and the "normal" amounts and/or percentages of each.

SAMPLE
Weekly Management Sheet

For the week of ___________	Last YTD	This YTD	% Over/(un)	Curr Yr. Wk 40	Wk 41	Wk 42	Wk 43	4wk Sum	*Last Year 4wk Sum*	4-week % Over/(un)
Web Site Visits	501	521	4.0%	10	14	18	13	55	*49*	10.9%
Call-ins from Referrals	52	61	17.3%	2	1	0	3	6	*3*	50.0%
Calls from Ad Campaign	15	15	0.0%	0	1	2	0	3	*2*	33.3%
Calls from Give-a-Gift Offer	0	5		0	1	1	1	3	*0*	
Sales of Book 1	110	42	-61.8%	3	1	3	2	9	*19*	-111.1%
Sales of Book 2	10	44	340.0%	2	0	2	1	5	*1*	80.0%
Total Book Sales	120	86	-28%	5	1	5	3	14	*20*	-31.1%
New E-Newsletter Subs	49	59	20%	0	2	1	2	5	*4*	20.0%
Lost E-Newsletter Subs	30	29	-3%	1	0	1	0	2	*3*	-50.0%
Net Gain/(Lost)	19	30	58%	-1	2	0	2	3	*1*	66.7%
Current E-Sub Total	182	212	17%	211	213	213	215			
New HC Newsletter Subs	78	74	-5%	3	0	7	3	13	*13*	0.0%
Lost E-Newsletter Subs	51	51	0%	3	3	0	1	7	*8*	-14.3%
Net Gain/(Lost)	27	23	-15%	0	-3	7	2	6	*5*	16.7%
Current HC Subtotal	182	205	13%	205	202	209	211			
Total Newsletter Subs	364	417	15%	416	415	422	426	9	*6*	33.3%

$000s	Last Fiscal Year	%	Last YTD	%	This YTD	%
Revenue	$1,109	*100%*	$638	*100%*	$701	*100%*
Gross Profit Before Variable	$908	*81.9%*	$517	*81.1%*	$564	*80.4%*
Office Misc. (Var)	$56.6	*5.1%*	$29	*4.6%*	$40	*5.7%*
Gross Profit After Variable	$852	*76.8%*	$488	*76.6%*	$524	*74.7%*
Rent (fixed)	$13.5	*1.2%*	$8	*1.3%*	$8	*1.1%*
Payroll: Regular	$295	*26.6%*	$150	*23.5%*	$155	*22.1%*
Payroll: Temp + Contract	$18.2	*1.6%*	$15	*2.4%*	$24	*3.4%*
Total Labor	$313.2	*28.2%*	165	*25.9%*	179	*25.5%*
Publishing/Editorial (fix)	$159	*14.3%*	$125	*19.6%*	$145	*20.7%*
Insurance (fix)	$21	*1.9%*	$8	*1.3%*	$5	*0.7%*
Professional (fix)	$8.4	*0.8%*	$2	*0.2%*	$1	*0.2%*
Total Fixed Expense	$515.1	*46.4%*	307.5	*48.2%*	338.1	*48.2%*
Profit (before depreciation & interest)	$337	*30.4%*	$181	*28.3%*	$186	*26.5%*
Less interest	$39.5	*3.6%*	23.4	*3.7%*	21.1	*3.0%*
Profit After interest	$297	*26.8%*	$157	*24.6%*	$164	*23.4%*
Principal Payments Due	$0		$0		$0	
Net After Principal Payments	$297		$157		$164	

$000s	1 year Ago	*Days*	Last Fiscal YE	*Days*	Today	*Days*	Cash Impact From 1 Year ago	Over 60	*Over 90*
Accounts Receivable	$102.2	*33.6*	$115.5	*38.0*	$125.0	*34.6*	$(22.8)	$0.45	$0.00
Inventory	$49.2	*89.5*	$42.0	*76.4*	$95.7	*146.1*	$(46.5)		
Total	$151.4		$157.5		$220.7		$(69.3)		

$000s	1 year Ago	Last Fiscal YE	Today
Cash on Hand	$15.5	$0.2	$22.2
Line of Credit Limit	$400.0	$400.0	$400.0
Borrowed	($150.0)	($175.0)	($139.9)
Available	$250.0	$225.0	$260.1

Book #3 Status: Second Edit Under Way. Estimated release December 15.
Book #4 Status: Concept stage only.

Why E-Mail Is So Easily Misunderstood

Michael Morris and Jeff Lowenstein wouldn't have recognized each other if they'd met on the street, but that didn't stop them from getting into a shouting match. The professors had been working together on a research study when a technical glitch inconvenienced Mr. Lowenstein. He complained in an e-mail, raising Mr. Morris's ire. Tempers flared.

"It became very embarrassing later," says Morris, when it turned out there had been a miscommunication, "but we realized that we couldn't blame each other for yelling about it because that's what we were studying."

Quick Take

Overuse of e-mail may be eroding your relationships. This is because e-mail is of inherently poor quality. E-mail lacks cues such as facial expression and tone of voice, making it more difficult for recipients to decode the intended meaning. The impersonal nature of e-mail also makes it very hard to develop and maintain rapport, leaving relationships fragile. Finally, the ever-present prospect of instantaneous communication creates an urgency that pressures e-mailers to think and write quickly, which can lead to carelessness.

The lesson? Don't overrely on e-mail. Pick up the phone or meet in person to discuss, communicate and negotiate. Use e-mail only to convey or transmit simple yes or no answers or factual information such as documents, addresses, phone numbers, etc.

Morris and Lowenstein are among the scholars studying the benefits and dangers of e-mail and other computer-based interactions. In a world where businesses and friends often depend upon e-mail to communicate, scholars want to know if electronic communications convey ideas clearly.

The answer, the professors conclude, is sometimes "no." Though e-mail is a powerful and convenient medium, researchers have identified three major problems. First and foremost, e-mail lacks cues such as facial expression and tone of voice. That makes it difficult for recipients to decode meaning well. Second, the prospect of instantaneous communication creates an urgency that pressures e-mailers to think and write quickly, which can lead to carelessness. Finally, the inability to develop personal rapport over e-mail makes relationships fragile in the face of conflict.

In effect, e-mail cannot adequately convey emotion. A recent study by Profs. Justin Kruger of New York University and Nicholas Epley of the University of Chicago focused on how well sarcasm is detected in electronic messages. Their conclusion: Not only do e-mail senders overestimate their ability to communicate feelings, but e-mail recipients also overestimate their ability to correctly decode those feelings.

One reason for this, the business-school professors say, is that people are egocentric. They assume others experience stimuli the same way they do. Also, e-mail lacks body language, tone of voice, and other cues — making it difficult to interpret emotion.

"A typical e-mail has this feature of seeming like face-to-face communication," Professor Epley says. "It's informal and it's rapid, so you assume you're getting the same paralinguistic cues you get from spoken communication."

To avoid miscommunication, e-mailers need to look at what they write from the recipient's perspective, Epley says. One strategy: Read it aloud in the opposite way you intend, whether serious or sarcastic. If it makes sense either way, revise. Or, don't rely so heavily on e-mail. Because e-mails can be ambiguous, "criticism, subtle intentions, emotions are better carried over the phone," he says.

E-mail's ambiguity has special implications for minorities and women, because it tends to feed the preconceptions of a recipient. "You sign your e-mail with a name that people can use to make inferences about your ethnicity," says Epley. A misspelling in a black colleague's e-mail may be seen as ignorance, whereas a similar error by a white colleague might be excused as a typo.

If you're vulnerable to this kind of unintentional prejudice, pick up the phone: People are much less likely to prejudge after communicating by phone than they are after receiving an e-mail. Kruger and Epley demonstrated this when they asked 40 women at Cornell to administer a brief interview, 20 by phone and 20 by e-mail. They then asked a third group of 20, the "targets," to answer the phone interviewers' questions. They sent a transcription of the targets' answers to the e-mail interviewers.

The professors then handed each interviewer what they said was a photo of her subject. In reality, each got a picture of either an Asian or an African-American woman (in reality, all were white).

E-mail interviewers who thought the sender was Asian considered her social skills to be poor, while those who believed the sender was black considered her social skills to be excellent. In stark contrast, the difference in perceived sociability almost completely disappeared when interviewer and target had talked on the phone.

Those who negotiated by e-mail in Morris's study trusted each other less and weren't as interested in working together again.

E-mail tends to be short and to the point. This may arise from the time pressures we feel when writing them: We know e-mail arrives as soon as we send it, so we feel we should write it quickly, too. On the other hand, letters depend on postal timetables. A letter writer feels he has a bigger window of time to think and write.

Psychologists Massimo Bertacco and Antonella Deponte call this characteristic "speed facilitation," and they believe it influences our episodic memory — our ability to recall events. They found that e-mailers wrote shorter messages and were less likely to "ground their communications" in memories of shared experience than letters writers were.

continued on next page

***Why E-Mail Is So Easily Misunderstood,* continued from previous page**

The brevity of e-mail and the absence of audiovisual cues can endanger business and personal relationships unless e-mail is supplemented with the rapport that comes from more personal communication.

"Rapport creates a buffer of positive regard," says Professor Morris, "and when it's not there, negotiation becomes brittle, vulnerable to falling apart."

Morris, who studies negotiation at Columbia, led a study that found that negotiators exchange more than three times the information in face-to-face interactions as they do via e-mail. Though Morris and his colleagues concluded that e-mail lets negotiators make "more complex, multiple-issue offers," they ultimately built less rapport, thereby increasing tensions and lowering the average economic value of the agreements.

Rapport "is an interpersonal resonance of emotional expression," Morris says, "involving synchronous gesture, laughing, and smiling together. Once this rapport exists, it's a buffer against a moment in the negotiation when there's some friction." This buffer is hard to develop without speaking over the phone or in person. Those who negotiated by e-mail in Morris's study trusted each other less and weren't as interested in working together again.

But the pitfalls of e-mail interaction were easily overcome by a single phone call. Morris ran a second round of negotiations, all conducted via e-mail, but made half of the corresponding pairs chat on the phone before negotiating — "just for five or 10 minutes," Morris explains, "and the key thing is we told them, 'Don't get into the issues. It's just an icebreaker.' " The result was dramatically improved agreements.

So if you want to buy something on Craig's List, Morris says, "make a brief phone call, even if it's not practical to do the whole negotiation by phone. You can establish a favorable bias with someone and then proceed in a less rich medium, but it's very hard to just get right into the negotiation on a medium that isn't rich." ❑

How well do we communicate?

Frequency that ...	E-Mail	Phone
Communicator believes he is clearly communicating	78%	78%
Receiver believes he is correctly interpreting	89%	91%
Receiver correctly interprets message	56%	73%

Source: Kruger and Epley, 'Egocentrism Over E-Mail.'; *Scott Wallace - Staff*

By Daniel Enemark. Reused with permission from The Christian Science Monitor *(www.csmonitor.com), May 15, 2006.*

Hiring and Retaining Good People

No one is more respected for his work in developing and defining the discipline of management than Peter Drucker. He spent a lifetime studying the greatest managers on the planet, and wrote about it. Here's what he says about picking good people:

Managers should take great care in selecting people. No other decision is so long-lasting in its consequences and so difficult to undo.

Good people make a business "go." Good people determine your business' performance. Choose wisely.

If you put someone in a position and he or she fails, it is your fault, not theirs.

Don't give important assignments to the untested. Start the untested with small projects and slowly determine their ability to perform.

Here are some suggestions that will help you make good staffing decisions:

Step 1: Think through the assignment. Document job requirements in detail. Give these to all candidates and make sure they fully understand what is needed.

Step 2: Look at a number of potentially qualified people. Formal qualifications should be a minimum for consideration. Include only those candidates who fit the assignment.

Step 3: Think hard about how to look at the candidates. The central question is not: What can this or that candidate do or not do? Rather, it is: What are the strengths each possesses and are these the right strengths for this assignment?

Step 4: Discuss all of the candidates with several other people who have worked with them. One person's judgment is worthless. Look for patterns.

Step 5: Make sure the appointee understands the job. After he or she has been on the job a few months, ask what they need to succeed. Let them think about it a few days before answering. Then give them what they need. If you don't do this, and they fail, then the failure is your fault. The single largest reason for unsuccessful promotions and new-hires is the manager's failure to think through, and help the employee think through, what a new job requires. ❑

Source: The Essential Drucker, *by Peter F. Drucker*

> **"The best way to make your dreams come true is to wake up."**
> *Paul Valery*

10 Big Bad Ugly Mistakes in Direct Mail

By Susanna K. Hutcheson

I've made a ton of mistakes in my long career as a copywriter and direct mail consultant. I still do. But don't tell anyone! You may not be a copywriter. In fact, I'll bet you're not. But you may need to write your own sales letters sometime,unless you can afford to hire me to do them for you! So I've prepared a list to help you avoid the mistakes I've made.

1. Not knowing your target market — or your audience.

All writing should target a specific group. You should know this group as well as the back of your hand. Know their hot buttons. What will make them say "yes" to your offer? What will turn them off? What motivates them? What concerns them? Who exactly are they? What age are they? What sex are they? Then write to that person. Write in language that person will understand. Use terms he or she will use.

2. Mailing to the wrong list.

This probably is the most common — and most fatal — error made in mailings. Spend as much time on researching your list as you do on the creative aspects of writing and layout, and on the research about your products, pricing, and offer. Unless the people on your mailing list have a desire or need for your product (or service), they're going to be tough to convince, and probably impossible to sell. You might have a great service or product,but if you're selling books, for example, you want people who read. A list of non-readers won't get you any results. So don't skimp on your list. Target it as tightly as possible. You may pay more for the ideal list. But the returns will more than pay you back.

3. Not having a clear goal in your writing.

Make sure you know where you're going with each piece you write. Then stay focused. I write down my objective clearly and then paste it on the monitor of my computer. I refer to it often. I don't want to lose sight of where I plan to go with the piece I'm writing. Whether it's a letter or brochure, speech or radio spot. Stay on target.

4. Price before offer.

"Only $19.95!" No matter what you're selling, a price has no meaning until readers know what they're getting. Make sure you tell them about your product or service first. Build value in whatever you're selling. Don't bring up price first — no matter how great the price.

5. Price before benefits.

"Just $29.95!" may sound like a great price to you for a nice watch. But if you present it first — before showing exactly what the benefits are, it really won't matter how great the watch is. Most of your readers will go right past your ad, or toss your letter out before they even see your product or offer. You need to tell readers what makes your price so great — in benefits they'll understand.

6. Wrong price point.

There are thousands of theories on how to price your product or service correctly. Everyone thinks he or she knows how to price a product or service. But you should let the market set the price. You do this by testing each price point you feel will work, and seeing which one brings in not only the most orders but the most overall profit. In my copywriting business, I've tried several price ranges for various services. Through trial and error I've discovered what my own personal market will bear and, at the same time, how I can make a reasonable profit and keep my bills paid. Lots of books out there have complicated methods of figuring out how to price. But the best is simply what your own market will bear. Of course, if you distribute for a company with set prices, there is nothing you can do about it. But chances are they tested the prices before they set them. So you're in the clear.

7. Inadequate testing.

There's no reason to lose big money in direct mail. Everything is testable and you should test small mailings until one is clearly a winner. Test every single piece you mail out. Make changes slowly and only one at a time. Otherwise, you won't know what change caused the rise or decline in your return rate. If you do not test, you will not succeed. You should have two or more letters to test against each other. Test everything. It's a crucial step and I find that many people I talk with fail to do this.

8. Wrong objective to your marketing piece.

If you need to generate leads, don't try to sell! Big mistake! What is your objective? To sell a product or service with the mailing or to get people to contact you for more information? You need to know that and write with that in mind.

9. Wrong headline.

The headline is perhaps the single most important element of your ad or sales letter — in fact, in most any marketing material. Solely on the basis of this one line, your reader decides whether to read on. I often write 100 heads before deciding on one! You'll have to do the same, too. We professionals make it look easy. It's not!

10. Not telling your readers exactly what you want them to do.

I get letters all the time that clients or prospective clients have written. They ask me why their letters don't pull. Usually, these letters don't even tell readers what action is expected of them! You can't sell that way! Tell your readers several times exactly what you want them to do. Be specific. Let readers know exactly what action you want them to take — tell them, and tell them again. Do you want them to call you? To send in a card? To fax you? Don't just leave it dangling like one client did when he wrote, "If you're interested, I'd love to hear from you." Duh!

So there you have them. The BIG 10! The mistakes most often made by people who do business by mail. If you can avoid them, you can make a lot of money with direct mail.

Good marketing!

Susanna K. Hutcheson is a professional advertising and direct mail copywriter. She was the first copywriter to use the

continued on next page

Should Jimbo Join the Family Business?

Jimbo wants to join the family business. He's the youngest of us four. Two of our siblings work in the family business. I don't. I don't think my parents had any real plan in place, it just kinda worked out that way. Jesse, the oldest, always seemed interested in the business and started working there in high school. She was never very interested in school. She attended a local community college part-time for about two years and really never left the company. Now she's 28 and head of marketing. I, on the other hand, am second-oldest. I never thought working with Dad would be much fun. I took a job out of college and liked my freedom. Tommy, the third child, is 24. He finished three years of college and is the warehouse manager. He's had some personal issues the past few years and has not been able to work full-time, but Mom, who does the books, has not cut his pay or benefits.

Jimbo is the fair-haired child. He gets away with everything and makes things look easy. School. Sports. Even friends. He earned a college degree in management in four years, and has worked for a local bank for a year. Word is he's doing well there, but the problem is that he's expressed an interest in working for my parents' business. I say "problem" because it's caused a ton of tension. Jesse and Tommy say there's not enough room in the business for Jimbo. Jimbo says they should make room for a guy with his talent, education and work ethic. He also says it's not fair that they get to work for Dad and he doesn't. Besides, Dad says the business isn't doing well anyway.

If you asked me, I think Tommy and Jesse are intimidated, worried about what their future might be like if Jimbo joins the business. Most people would say Jimbo is the most capable of running it in the future. And I think Dad and Mom are looking for answers, given that they've been pretty stressed about the business for quite some time.

Question: What is the future of this family? This business? Should Jimbo be shut out by his siblings? Maybe Jimbo should be encouraged to work elsewhere because he's the most capable of succeeding on his own. Or maybe the business should hire Jimbo because he is smart, educated and talented. Jesse and Tommy will just have to move over and, if Jimbo proves to be the most competent, so be it? What's the answer?

Some years ago, David Bork — pioneer in family business consulting — suggested that for family businesses to succeed (that is, both the family and the business succeed), there needs to be clarity on key issues. One is employment of family members. He helped a multigenerational family business develop its hiring policy. Here is a portion of it. It might spur some thinking about how to manage your own family business.

General Conditions

1. Family members must meet the same criteria for hiring as nonfamily applicants.
2. Family members are expected to meet the same level of performance required of nonfamily employees. Like nonfamily employees, they will be subject to performance reviews and to the same rules on firing.
3. As a general principle, family members will be supervised by nonfamily members.
4. Family members under age 30 are eligible for temporary employment, with "temporary" defined as less than one year. To be re-employed after temporary employment, a family member must meet the requirements of Condition 7 below.
5. No family member may be employed in a permanent, entry-level position (that is, a position that requires no previous experience or training).
6. Compensation will be at "fair market value" for the position held.
7. Family members seeking permanent employment must have at least five years of work experience outside this company. One of those jobs must have been held for at least three years with the same employer, during which time there must have been at least two promotions. It is our view that if a family member is not a valued employee elsewhere, then it is not likely he or she will be happy or useful here.

Applying for a Position

Family members must make their interest known in writing to the president/chief executive. When a position becomes available, only family members who have properly expressed an interest in advance, in writing, will be informed of the opportunity. They may then complete the normal application forms and submit the application for appropriate processing and consideration.

To view the entire agreement go to www.TheBusinessOwner.com, Members Only, Archive Issues and type in the current password, which is always printed below the table of contents (page 2) in the current issue of *The Business Owner*. While this issue is still current (January 1 through February 28, 2007), the password is "Jimbo." Go to the January/February 2007 issue. ❑

> **"The bottom line is the only place to flaunt your wealth."**
> *Gary Sutton*

SALES & MARKETING

***10 Big Bad Ugly Mistakes in Direct Mail,* continued from previous page**

Internet as a place to market this type of service. Susanna has clients all over the world. She writes everything from Web site content to direct mail and radio spots.
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Do the Math: Annual Savings Needed to Reach Nest Egg Goal

Question: Tom is 50 and has $100,000 saved for retirement. He'd like to retire at 60 and wants to have $1,500,000 in the bank by then. Assuming his savings earns an average annual after-tax rate of return of 7%, how much does Tom have to put away each year to have $1.5 million in 10 years?

Answer: The first question to answer is what the $100,000 already saved will be worth in 10 years. To determine this, we use the following equation:

$$F_{10} = F_0 \ (1+i)^{10}$$

Where F_0 = $100,000

i = 7%

F_{10} = Value of $100,000 in 10 years

So

$$\begin{aligned} F_{10} &= F_0 \ (1+i)^{10} \\ &= \$100{,}000 \ (1.07)^{10} \\ &= \$100{,}000 \times 1.967 \\ &= \$196{,}700 \end{aligned}$$

Note: 1.967 can be obtained by doing the math, or by simply using a present-value table. See present-value factor table provided adjacent to this article. Locate the intersection of 10 years (periods) and 0.07 rate of interest, and you will find 1.967. Multiply this by F_0 and the result is $196,700.

So we can expect the currently saved $100,000 to be $196,700 when Tom reaches 60. His bogey is $1,500,000, so he needs to know how much money he has to stash away in each of the next 10 years to make up the $1,203,300 shortfall ($1,500,000 minus $196,700).

Let's label the $1,203,300 bogey R.

$R = \$1{,}203{,}300$

Let's label the interest rate i.

$i = 7\%$

Let's label the required annual contribution P.

$P = ?$

The number of years available we'll label n.

$n = 10$

So here's the formula:

$$P = (R * i)/[(1+i)^n - 1]$$

Solving for P:

$$\begin{aligned} P &= \frac{(\$1{,}203{,}300 * .07)}{(1 + .07)^{10} - 1} \\ &= \$84{,}231/(1.07^{10} - 1) \\ &= \$84{,}231/(1.967 - 1) \\ &= \$84{,}231/0.967 \\ &= \$87{,}105 \end{aligned}$$

So for Tom to reach his goal of $1,500,000 in savings in 10 years, he has to invest $87,105 per year and earn an annual rate of return of at least 7%. The problem is that 7% after-tax rate of return is rarely achievable without taking a lot of risk — not recommended with retirement funds. But if the funds are in retirement accounts, then they are tax sheltered, and pretax return is the same as after-tax return. Pretax return of 7% is much more easily achieved. So he needs to get all this money into tax-sheltered retirement accounts. Assuming the $100,000 is already in such an account, all he has to do is place his annual savings into the same.

Is this possible? Take a look at the chart on page 13. Do you see the annual contribution limits for various retirement plan types? The only plan that will allow an annual contribution as high as $87,000 is the defined contribution plan. Talk to your financial advisor about putting one in place. ❑

Future value interest factor of $1 per period at i% for n periods, FVIF(i,n).

Period	4%	5%	6%	7%	8%	9%	10%
1	1.040	1.050	1.060	1.070	1.080	1.090	1.100
2	1.082	1.103	1.124	1.145	1.166	1.188	1.210
3	1.125	1.158	1.191	1.225	1.260	1.295	1.331
4	1.170	1.216	1.262	1.311	1.360	1.412	1.464
5	1.217	1.276	1.338	1.403	1.469	1.539	1.611
6	1.265	1.340	1.419	1.501	1.587	1.677	1.772
7	1.316	1.407	1.504	1.606	1.714	1.828	1.949
8	1.369	1.477	1.594	1.718	1.851	1.993	2.144
9	1.423	1.551	1.689	1.838	1.999	2.172	2.358
10	1.480	1.629	1.791	1.967	2.159	2.367	2.594
11	1.539	1.710	1.898	2.105	2.332	2.580	2.853
12	1.601	1.796	2.012	2.252	2.518	2.813	3.138
13	1.665	1.886	2.133	2.410	2.720	3.066	3.452
14	1.732	1.980	2.261	2.579	2.937	3.342	3.798
15	1.801	2.079	2.397	2.759	3.172	3.642	4.177
16	1.873	2.183	2.540	2.952	3.426	3.970	4.595
17	1.948	2.292	2.693	3.159	3.700	4.328	5.054
18	2.026	2.407	2.854	3.380	3.996	4.717	5.560
19	2.107	2.527	3.026	3.617	4.316	5.142	6.116
20	2.191	2.653	3.207	3.870	4.661	5.604	6.728
25	2.666	3.386	4.292	5.427	6.848	8.623	10.835
30	3.243	4.322	5.744	7.612	10.063	13.268	17.449
35	3.946	5.516	7.686	10.677	14.785	20.414	28.102
40	4.801	7.040	10.286	14.974	21.725	31.409	45.259
50	7.107	11.467	18.420	29.457	46.902	74.358	117.391

About the Publisher

David L. Perkins, Jr. owns, writes, edits and publishes *The Business Owner*, the newsletter of choice for more than 35,000 paid business-owner subscribers who are serious about building wealth through successful private business ownership.

Perkins draws editorial ideas and inspiration from his daily work as a merger and acquisitions consultant, where he has advised on more than 100 purchase/sale transactions involving both private and public companies. His M&A consulting firm is Vercor, which has 10 North American offices and a European affiliate. Vercor specializes in sell-side representation of businesses valued between $5 million and $50 million (see www.VercorAdvisor.com).

Perkins holds a BA in psychology from the University of Oklahoma and an MBA from the University of Notre Dame. He has formal training in business valuation. He also pulls editorially from prior experience in commercial real estate leasing and brokerage, commercial bank lending and private company financial management.

Perkins is the author of A Concise Overview of Business Valuation and co-author of The Business Sale, An Owner's Most Perilous Expedition. Both may be purchased at www.TheBusinessOwner.com.

Perkins is a professionally trained, content-rich platform speaker available for both keynote and breakout sessions. He is a Certified Toastmaster and a member of the National Speakers Association.

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Federal Reserve and Total U.S. Industrial Production

Congress founded the U.S. Federal Reserve System in 1913 to provide the nation with a safer and more flexible and stable money and financial system. Today, the Fed's duties are to:

1. Use its ability to influence monetary policy (that is, short-term interest rates), as best it can, to keep the economy stable and strong, and to keep unemployment, inflation, and long-term interest rates low.
2. Maintain the financial system's stability and integrity.
3. Provide financial services to banks, credit unions, the U.S. government, and foreign institutions.
4. Supervise and regulate banking institutions to ensure the safety and soundness of the nation's banking and financial system, and to protect the credit rights of consumers.

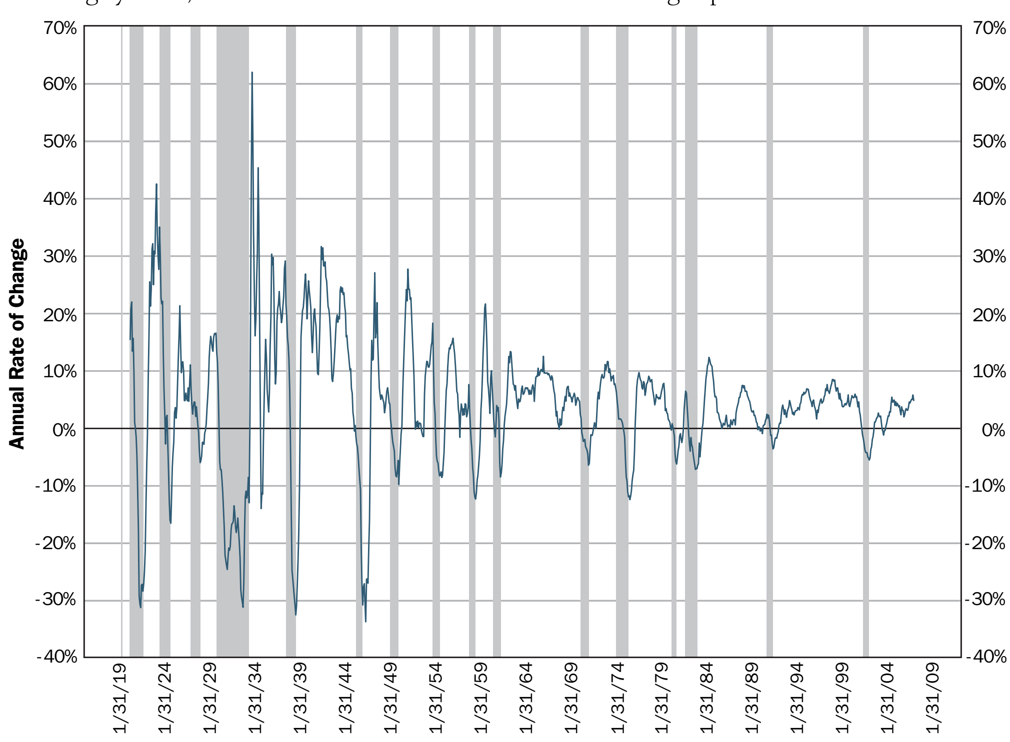
To fulfill these duties, the Fed must know what's happening with the economy. It constantly monitors unemployment rates, interest rates, financial systems, banking systems, and other indicators.

The goal is to obtain information that will help decide if and when intervention (primarily through its ability to influence short-term interest rates) might be beneficial.

One example of data collected and made public by the Federal Reserve is "Total U.S. Industrial Production." Published monthly in the form of an index (see example below), this shows total output generated by manufacturing, mining, and electric and gas utilities, and it accounts for a large portion of the economy.

The production index measures real output, which means inflation is removed from the numbers. As you can see, total industrial production is cyclical. The vertical blue bars are recessions.

How can a business owner use this information? One way is to keep in mind the cyclical nature of the economy, and never be positioned such that a recession could cause you financial ruin. Remember that recessions tend to last just a year or two, so instead of worrying that "good times" are gone forever, add capacity or other provisions for the coming expansion. ❑



Sponsored by THE CHART STORE

Make Search Engines Work for You

Right now, a customer wants to buy the product you sell. She's at Google, typing in keywords. Wow. Tons of hits — but your Web site doesn't appear until the third page. She'll never get that far down the list.

Few shoppers look beyond the first page. And studies show that users often associate the top search engine billings with being the most credible or most widely used product/service. A recent survey by iProspect found one-third of America's Internet users believe companies found in top search results are "major brands."

America's Internet users believe companies found in top search results are "major brands."

It is true that search engines rank Web sites based on relevance, but companies also have ways to proactively move up in the rankings on the search results pages themselves. Through search engine marketing, which includes search engine optimization and pay-per-click advertising, your company can move up and garner sales that accrue to "first pagers."

What is Search Engine Optimization (SEO)? SEO optimizes selected pages on your Web site for the search terms your target audience uses to find what you're selling. It places your site in the organic/editorial rankings on search engine results pages (as opposed to sponsored/paid rankings).

What is Pay-Per-Click Advertising (PPC)? PPC advertising creates brief, compelling sales messages and then bids for position on search engine results pages. You pay only when someone clicks on your message, which directs them to your Web site. Through this method, your advertisement appears in the "sponsored links" area of the search engine results page.

For business owners interested in branching out into the international market or increasing their market share, search engine marketing also can be an effective method for reaching other countries.

Abacus Solutions, through the assistance of Prominent Placement, created a marketing program targeting potential customers in Latin America. It intermixed search engine optimization and pay-per-click advertising. Abacus was well established in the U.S. as a provider of new, used and refurbished IT infrastructure products and services. And it happened to have employees who spoke Portuguese and Spanish. It would not take much to begin taking and filling orders from south of the border.

The steps Abacus took to achieve success through search engine marketing are the same steps you can take. Here's what it did.

Step 1: Determine Your Search Terms. A search engine marketing campaign will fall flat if your search terms are off target. Several Web sites exist solely to help businesses determine which key phrases are most searched. Beware of keeping your terms too broad because competition for those phrases likely will be high — and if they're not specific enough, you may have visitors looking for products/services you don't provide. In a nutshell, your search terms need to be frequently searched, not used by most competitors, and applicable to your business. In this phase, Prominent Placement helped Abacus identify which phrases Spanish- and Portuguese-speaking consumers used to locate products/services like theirs.

Step 2: Make Your Search Terms Work for You. To increase rankings through SEO, you need to integrate targeted keywords into your Web site or press release's title tag, meta description and prime locations in body copy. To secure prominent placement though PPC advertising, you pay more based on the popularity of both your key phrases and the search engine you're looking to be featured on. Abacus created — in Spanish and Portuguese — four new optimized Web pages, a PPC campaign on Google and several optimized press releases we distributed by newswire services.

Step 3: Click on Success. Results from a PPC campaign will be visible much sooner than SEO, as a paid listing can quickly appear high in rankings whereas organic results take longer to move up the list. So once you launch your campaign, the game is to track, tweak and improve. For Abacus, success happened fast. The integrated search engine marketing campaign yielded more than a 1,000 percent increase in traffic from Latin America in just one month, and drove more than $2 million in revenue potential.

Step 4: Stay Prominent in the Evolving Web Marketplace. Once you have successfully implemented your search engine marketing program, your job is not over. The Web is constantly evolving, and so should your strategy for maximizing your company's visibility.

When You Should NOT Use Search Engine Marketing. Search engine marketing can be a useful tool for any business — large or small. But if your Web site isn't designed properly to reassure visitors you are a credible and reliable provider, you need to redevelop the content and image. If your site receives thousands of visits each month, but no one makes any inquiries or purchases, then search engine marketing may be useless for you.

By recognizing the key steps, your products and services could be just a "click" away from a great opportunity! ❑

Stacy Williams at Prominent Placement can be reached at stacy@prominentplacement.com or (404) 373-9727, ext. 702.

Pension Protection Act of 2006: Savings Incentives Keep Getting Stronger

The midterm elections brought some surprises, but significant new tax legislation changes went relatively unnoticed by the media. Don't be fooled. The Pension and Protection Act of 2006 (PPA) brings sweeping reforms to our retirement system. The intent is to protect employee benefits and boost retirement saving.

Here's what you need to know:

- **Increased Retirement Account Contributions in 2007** — See the accompanying table.
- **529 Plan Tax Treatment** — Repeal of the sunset provisions set to take place in 2010. Distributions for qualified higher education expenses are permanently tax-free at the federal level.
- **Roth 401(k) Deferrals** — PPA preserves the Roth 401(k) deferrals created under EGTRRA.
- **IRA Distributions to Charity** — PPA allows charitable giving for a limited time for certain IRA owners. During 2006 and 2007, IRA owners age 70½ can send a distribution directly to a charitable organization as long as the distribution does not exceed $100,000.
- **Tax Refunds May Go to Your IRA** — Taxpayers can direct the Treasury to deposit all or part of their federal tax refund directly into an IRA account.
- **Roth Conversions** — After December 2007, eligible rollover distributions from qualified retirement plans will be permitted to be rolled over directly into a Roth IRA. The distribution is subject to tax, but not the 10% premature distributions penalty. In addition, the Adjusted Gross Income (AGI) limit is repealed on January 1, 2010 for all taxpayers who wish to convert money from their employers' plan or their traditional IRA. Conversions elected in 2010 can spread the tax liability over two years.
- **Non-Spousal Beneficiary Rollover** — A non-spouse beneficiary will be permitted to directly roll over inherited assets from an eligible retirement plan to an "inherited IRA." This will give the beneficiary the option to stretch required distributions based upon their life expectancy.
- **Automatic Enrollments for Retirement Plans** — In an effort to increase participation among company-sponsored retirement plans, PPA allows for the automatic enrollment of plan participants. In some states, automatic enrollment is considered garnishment of wages. Because certain states prohibit garnishment of wages, adoptions of automatic enrollment features were essentially precluded. PPA pre-empts state law, eliminating the garnishment hurdle to automatic enrollment.

Whether you live in a red state or a blue one, Washington is expanding the options available to you in your quest for a comfortable retirement. ❑

For more on the Pension Protection Act of 2006, go to www.TheBusinessOwner.com, type in the current password (always found at the bottom of page 2 of your most current issue of The Business Owner*) and look in the "*The Business Owner Journal *January – February 2006 issue." You'll find the 900-page original legislation as well as a summary by CCH.*

Limitation Type	IRC Section	2007
Defined Benefit Plan *Maximum Benefit Limit*	415(b)(1)(A)	**$180,000**
Defined Contribution Plan *Maximum Contribution Limit*	415(c)(1)(A)	**$45,000**
Elective Deferrals Limit *401(k) and 403(B) Plans*	402(g)(1)	**$15,500**
Elective Deferrals Limit *457(B) and 457 (C) Plans*	457(b)(2), and 457(c)(1)	**$15,500**
Catch-up Contribution Limit *401(k), 403(B) and 457 Plans*	414(v)(2)(B)(i)	**$5,000**
SIMPLE Retirement Accounts *Deferral Limit*	408(p)(2)(B) and 401(k)(11)(B)	**$10,500**
SIMPLE Catch-Up Contribution Limit	414(v)(2)(B)(ii)	**$2,500**
SEP *Employee Covered Compensation*	408(k)(2)(C)	**$500**
Social Security/Medicare Tax *Self Employed Workers*	N/A	**12.40%/2.90%**

TIPS FROM THE TOP

John McCormack
Inc. Entrepreneur of the Year

John McCormack was a New York City police officer-turned-stockbroker who made a million bucks before age 30, and then lost it all. His wife owned a hair salon. With a little time on his hands and not really sure how he'd make his comeback, he began pitching in a little around the salon. A few improvements here, a few there. He discovered it could be a profitable business, and felt the industry seemed ripe for innovation. Fifteen years later, Visible Changes was arguably the largest and most respected upscale hair salon chain in the United States. And John McCormack was named the 1988 *Inc. Magazine* Entrepreneur of the Year. I met him in person. He said there is one, and only one, imperative above all others for the aspiring entrepreneur. That is:

Spend less than you make.

How much less?

He said if you spend more than 70% of what you make, you're risking it. But save (and reinvest) 30% or more of your annual income, no matter how large or small your income is, and you'll soon be making more money than you ever imagined. ❑

BOOK REVIEW

The Smartest Guys in the Room

by Bethany McLean and Peter Elkind

Want to read an incredible story? Pick up a copy of this book. It's the darnedest story you may ever read.

This book captures what went on, and what went wrong, at Enron. The executives, more than anything, suffered from a complete lack of humility. They believed they were the smartest people on the planet and that they could easily build huge businesses and create incredible wealth and profits — despite having no experience actually running companies and meeting budgets and payroll, year after year. They were armed with nothing but parchment from big-time MBA schools, which seem to brainwash their students into believing that they are intellectually superior and uniquely graced with the power and creativity to re-create the world in their own image — and make millions in the process.

But the world was their accomplice. Investors and subordinates also thought that these top execs were "the smartest guys in the room." Even top bankers who approved billions of dollars in loans to Enron were intimidated. They never understood what Enron was doing and how it was making money, and they lacked the courage to insist on an explanation. They simply went along, snowed by the executives' brilliance.

Have you ever been around someone you felt was brilliant, and you did not understand what was going on, but you didn't want to look stupid by admitting that you did not understand? Of course you have. This is what went on all over Enron, and instead of honest questions and honest answers, you got deceitful and illegal financial and legal maneuvers.

How do you get someone to look the other way? Give them millions of dollars in incentives. Enron's bankers, auditors and employees were paid big bucks. If they asked questions or did not go along with the plan, they were fired. And so, the honest and competent ones were weeded out, and the weak and corruptible made millions and became accomplices in the largest fraud in modern history.

Jeffrey Skilling. Kenneth Lay. Andy Fastow. Michael Kopper. Rebecca Mark. Ken Rice. Cliff Baxter. Loi Pai. Ben Glisan. Enron executives and megalomaniacs. They manipulated the books and stole hundreds of millions of dollars. It's a story about modern capitalism. With a free market, people are free to invest in deals, even bad deals, and nothing can stop a person from selling a dream, even a bad dream. Nobody can stop people from lending money. But we do have rules designed to protect investors and creditors. And we need to enforce them.

Only through fair rules, proper oversight, enforcement and punishment when necessary can we maximize the benefits we all enjoy from our free-market system — and minimize the tragedy and loss.

Without these rules, laws, and rigorous enforcement, people who manage public companies will simply have a license to steal. Sarbanes-Oxley legislation now protects the individual investor. We desperately need Eliot Spitzer and more like him. Only through fair rules, proper oversight, enforcement and punishment when necessary can we maximize the benefits we all enjoy from our free-market system — and minimize the tragedy and loss. ❑

EXITING A BUSINESS

The Right Time to Sell Your Business

Q: When is the right time to sell my business?
A: Whenever you can get top dollar for it.

Q: When is it worth top dollar?
A: When the market for private businesses is hot.

Q: When is the market hot?
A: Late in the general economic expansion cycle when corporate profits are up, stock market and investor optimism are high, and debt and equity capital are plentiful.

If you believe today's private business climate might be "hot," you're absolutely right.

Our economy is cyclical. When it's strong, all boats rise. When it's bad, it's bad for a majority of businesses.

Historically, this pattern of economic expansion and contraction occurs every eight years, give or take a few. The 1990s exemplified a time of rapid expansion. Profits were healthy and growing for most businesses. Around 2000, the economy started to slow down. By 2001 and continuing throughout 2002, the economy was well into a recession. Bankruptcies soared, profits plummeted, the stock market crashed, and the market for buying and selling private companies fell flat.

In 2003, the economy began to improve and companies again moved toward profitability. In 2004 and 2005, a majority of companies were showing healthy profits — some were setting records. Private business owners who had wanted to sell in 2002, 2003, or 2004 were unwilling to open their books to potential buyers. But in 2005, with profits rising, owners again became ready and willing to open their books, with hope of a sale.

Many factors influence the salability of a private company. Number one is profits. Buyers want a business that's profitable, and base their offering price on the dollars of profit a business earns. When profits trend higher, buyers tend to assume that future opportunities to profit will await and are, therefore, willing to pay more. When profits trend lower, buyers often assume a business is failing and likely will offer less money.

The best time to realize the highest possible price for your business is when you can show potential buyers that your business is consistently profitable. And the more profitable your business, the higher the sales price you can command. All of which brings us back to where we find today's private business marketplace — finishing up its fourth year of increasing profitability and face to face with the latter part of a general economic expansion cycle.

Translation: The market is hot and *now* is the time to sell. Buyers — companies, individuals, and investment groups — are plentiful, flush with cash, and optimistic about the future. And so are their bankers.

If you're happy owning and running your business, this is neither here nor there. Just know that if and when you ever decide to sell — timing is everything. ❑

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