

**Suite 702****OPERATION OF A BUSINESS**

*Operation of a business*

*Business Insurance*

*Pricing*

*Distribution*

*Securing Finance*

*Plan for retirement*

*The exit strategy*

**702.01      SUCCESSFUL PLANNING**

Once you are up and running, you will need to control the day-to-day management of your business. There are a number of areas you need to concentrate on to make the most of your business's potential.

**Forecasting for Growth**

To be effective as a leader, you must develop skills in strategic thinking. Strategic thinking is a process whereby you learn how to make your business vision a reality by developing your abilities in team work, problem solving, and critical thinking. It is also a tool to help you confront change, plan for and make transitions, and envision new possibilities and opportunities.

Strategic thinking is like making a movie. Every movie has a context (or story) which it uses to get you to experience a certain outcome (an emotion, in this case) at the end of the movie. Strategic thinking is much the same in that it requires you to envision what you want your ideal outcome to be for your business and then works backwards by focusing on the story of HOW you will be able to reach your vision.

As you develop a strategic vision for your business, there are five different criteria that you should focus on. These five criteria will help you define your ideal outcome. In addition, they will help you set up and develop the steps necessary to make your business vision a reality.

The following is a list of the five criteria of the strategic thinking process:

- **Organization.** The organization of your business involves the people you will have working for you, the organizational structure of your business, and the resources necessary to make it all work. What will your organization look like? What type of structure will support your vision? How will you combine people, resources, and structure together to achieve your ideal outcome?
- **Observation.** When you are looking down at the world from an airplane, you can see much more than when you are on the ground. Strategic thinking is much the same in that it allows you to see things from "higher up". By increasing your powers of observation, you will begin to become more aware of what motivates people, how to solve problems more effectively, and how to distinguish between alternatives.

- **Views.** Views are simply different ways of thinking about something. In strategic thinking, there are four viewpoints to take into consideration when forming your business strategy: the environmental view, the marketplace view; the project view; and the measurement view. Views can be used as tools to help you think about outcomes, identify critical elements and adjust your actions to achieve your ideal position.
- **Driving Forces.** What are the driving forces that will make your ideal outcome a reality? What is your company/s vision and mission? Driving forces usually lay the foundation for what you want people to focus on in your business (i.e., what you will use to motivate others to perform). Examples of driving forces might include: individual and organizational incentives; empowerment and alignment, qualitative factors such as a defined vision, values, and goals; productive factors like a mission or function; quantitative factors such as results or experience, and others such as commitment, coherent action, effectiveness, productivity, and value.
- **Ideal Position.** After working through the first four phases of the strategic thinking process, you should be able to define your ideal position. Your ideal position outline should include: the conditions you have found to be necessary if your business is to be productive; the niche in the marketplace that your business will fill; any opportunities that may exist either currently or in the future for your business; the core competencies of skills required in your business; and the strategies and tactics you will use to pull it all together.

By working through these five areas, you will begin to get a clearer picture of exactly how your business vision can be accomplished. As your vision becomes more focused, your ideas will appear stronger and more credible. Not only will it be easier to convince others that your idea is a good one, but it will also be easier to maintain your own conviction and motivation when you reach any pitfalls or obstacles in the road.

Overall, you can apply strategic thinking skills to any area of your life. But by making a concerted effort to apply them specifically to your business venture, you will have a much better chance of bringing your vision to life. And isn't that what you want?

## 702.02 CONDUCTING BUSINESS

The relationship a business builds with its customers is the benchmark of its success. However, the creation of a mutually beneficial relationship goes beyond offering products and services customers want to purchase. Businesses must also respect their customer's rights by abiding by consumer protection laws and other regulations that ensure fair advertising, pricing, warranties, credit and collections.

### Financial and management accounts

The accounting needs of your business will vary according to its size, type and sector. As the business owner, it's your responsibility to make sure your business keep accurate records and accounts.

There are two types of accounting information:

- **Financial accounts**, which describe the performance of your business and have to be filed each year with the appropriate regulatory bodies – or

- **Management accounts**, which are aimed at helping you to plan your business and make decisions about key areas such as sales, margins and stock.

## **COMPANY OPERATION**

How do we measure how successful we are at producing products? Certainly it is a combination of factors. The following areas reflect what must be controlled or balanced. The bottom line for all of this is profitability. Companies must be profitable to reach and maintain their goals. If you are having problems with profitability, seek help to analyze these areas in order to solve your problem.

Areas to be controlled and balanced:

- Planning and Scheduling
- Plant Utilization
- Process Capabilities
- Company Process Layout
- On Time Shipments
- Cost Accounting
- Labor Standards
- Labor Efficiency
- Communication
- Labor Costs
- Use of Temporary Labor
- Raw Material Costs
- Good Vendors
- Quality Issues
- Waste Analysis
- Manufacturing Cycle
- Data Based Decisions-SPC
- Team Work

### **Purchasing**

- **Will your purchasing requirements change?**

Identify changes in volume and requirements for new goods and services.

- **What new sources of supply will there be in the wider market?**

Identify new suppliers, up-to-date information on price, specifications and the sources for your supplies. Evaluate the suitability of suppliers.

- **Are you properly equipped to purchase in a wider market?**

Check that you have the purchasing and language skills, adequate means to collect and monitor information and the market for their goods and services. Research and understand any new harmonised standards, take advice on contractual arrangements with foreign suppliers; and consider the need for specialists in purchasing.

## Product development

- **What changes are needed to existing products and services and what are the priorities for the development of new ones?**

Identify changes require by the market, in terms of design, quality, or to meet relevant standards.

- **What resources do you need for product development?**

Assess the need for expertise, technology, equipment and finance required.

- **What scope is there for entering into collaborative arrangements to develop new products?**

Consider possible partner at home; through research associations, universities, other firms, trade associations, chambers of commerce, International programmes such as EUREKA.

## Production

- **Should you change your policy on 'make or buy'?**

Review the relative merits of making or buying: products, assemblies, components. Then investigate new sources for components and materials.

- **Will you need to change your production processes?**

Review the effects on your capacity of any planned expansion in sales. Assess the impact on processes of any technical standards of your products; the process of any changes in the quality standards and changes in certification, testing and inspection requirements.

- **Will your production performance (costs, delivery and quality) be competitive in the wider market?**

Assess the production performance of your competitors; review the procedures for planning and controlling production, stock and quality; evaluate the benefits of improving the technology of your processes.

- **Can you rationalise your production?**

Assess the scope for rationalisation of production processes as technical standards are made common; assess the opportunity to relocate your plant as national boundaries become less important.

## Promoting my product

People need to know what you are selling, where you are, and why they should buy from you rather than anyone else, so you will need some form of advertising and promotion. Your advertising should create an image that attracts attention and is easy to associate with your business.

## **Tax Registration**

If the state in which you operate has a state income tax, you'll have to register and obtain an employer identification number from your state Department of Revenue or Treasury Department. If you're engaging in retail sales, you will need to obtain a sales tax license.

## **Employer Registrations**

If you have any employees, you'll probably be required to make unemployment insurance contributions. For more information, contact your state Department of Revenue or Department of Labor.

## **Licenses Based on Products sold**

Some state licensing requirements are based on the product sold. For example, most states require special licenses to sell liquor, lottery tickets, gasoline or firearms. Contact your state licensing authorities to determine the licensing requirement of your business.

## **Lines of Credit**

A line of credit loan is designed to provide short term funds to a company in order to maintain a positive cash flow. Then, as funds are generated later in the business cycle, the loan is repaid. Most commercial banks offer a revolving line of credit, where a fixed amount is available.

## **702.03      MANAGING EMPLOYEES**

### **What are you looking for? Writing effective Job Descriptions**

A job description describes the major areas of an employee's job or position. A good job description begins with a careful analysis of the important facts about a job – such as the individual tasks involved, the methods used to complete the tasks, the purpose and responsibilities of the job, the relationship of the job to other jobs, and the qualifications needed for the job.

### **The Interview process – How to select the "Right" person**

How do you select the right person for your business? There is no perfect answer, but the interview process can be a tremendous help if you use it effectively. In other words, you must have completed all of the other steps in the hiring process in order to get the most out of the interview process. Interviewing candidates for a position within your company is one of the final steps in the hiring process.

### **Employees vs. Contractors – What's the difference?**

Whether a person is an independent contractor or an employee generally depends on the amount of control exercised by the employer over the work being done. Dictating how a job is to be done or limiting the actions of the worker may establish an employer-employee relationship.

## **702.04 STOCK CONTROL AND INVENTORY**

Stock control, otherwise known as inventory control, is about how much stock you have at any one time, and how you keep track of it.

It applies to every item you use to produce a product or service, from raw materials to finished goods. It covers stock at every stage of the production process, from purchase and delivery to using the stock and re-ordering.

Efficient stock control will mean you have the right amount of stock in the right place at the right time. It ensures that capital is not tied up unnecessarily, and protects production when there are problems with the supply chain.

### **Types of stock**

Everything you use to make your products, provide your services and to run your business is part of your stock.

There are four main types of stock:

- Raw materials and components – ready to use in production
- Work in progress – stocks of unfinished goods
- Finished goods ready for sale
- Consumables – for example, fuel and stationery

### **Stock value**

You can categorise stock further, according to its value. For example, you could put items into low, medium and high value categories. If you feel your stock levels are limited by capital, this will help you to plan expenditure on new and replacement stock.

You may choose to concentrate resources on the areas of greatest value. However, low-cost items can be crucial to your production process and should not be overlooked.

For additional information on Stock control and inventory please check the 8<sup>th</sup> floor.

## **BUSINESS INSURANCE**

Getting the right insurance is essential for any new business. You're legally required to have some types of cover – such as motor insurance or employers' liability insurance if you have staff.

## **702.05 SOME TYPES OF INSURANCE ARE COMPULSORY**

- **Employers' liability insurance**

This protects your business against claims from employees for accidents or sickness they may suffer as a result of working for you.

- **Motor insurance**

If your business uses vehicles on the road, you must purchase at least third-party motor insurance. This covers your business' liability for personal injury to someone else or damage to property. You may also want to purchase comprehensive insurance to cover damage to or theft of your own vehicle. Sometimes employees use their own vehicles in their job – make sure that insurance for all such vehicles has been extended to include business use.

- **Professional indemnity insurance**

For business in professions such as law, accountancy and financial services – are also legally required to take out professional indemnity insurance. This protect against legal liability for losses suffered by customers as a result of negligence.

## **702.06 OTHER TYPES OF INSURANCE YOUR BUSINESS MAY REQUIRE**

- **Buildings and contents insurance**

All-risks buildings and contents insurance protects against a range of risk, such as fire, flood and theft. The right level of cover for your premises is likely to depend on whether you own or lease your premises.

- **Equipment insurance**

Equipment can be insured for the cost of replacing an item or its current worth taking wear and tear into account. You can also get policies to protect machinery and IT equipment against breakdown.

- **Key man insurance and health insurance for the owner-manager**

- **Business continuity or business interruption insurance**

Business interruption or business continuity insurance compensates you for costs incurred and loss of profits after a disaster such as fire or flood or an IT system failure.

- **Public liability insurance**

Public liability insurance covers you against various forms of liability you might encounter when dealing directly with the public; such as a member of the public falling and hurting themselves on your premises.

- **Credit insurance**

Credit insurance covers you against the risk of debtors becoming insolvent. But you'll need to bear part of the risk yourself.

- **Goods in transit insurance**

'Goods in transit' cover - protects the value of goods lost or damaged when in your vehicle or sent by a carrier.

- **Legal expenses insurance**

Legal expenses insurance covers the costs – such as lawyer’s fees and court costs – of defending a legal action.

- **Money policies**

Money policies cover cash, cheques and stamps. Different levels of cover apply depending on whether money is on your premises, in safes or transit.

- **Travel insurance**

Travel insurance will be required if you or your employees travel abroad on business.

## **702.06      PROTECT YOUR PEOPLE WITH INSURANCE**

Small businesses are often dependent on the people who work for them – particularly the owner-manager. As a result you should assess whether you need insurance to protect yourself and your business in the event of key staff being unable to work.

You may also want to consider offering private health insurance or critical illness cover to attract and retain key staff.

### Different forms of cover

- **Key man insurance**

Key man insurance compensates your business up to a pre-agreed limit for the loss or unavoidable absence of crucial personnel – including the owner-manager. It may be appropriate if your business depends on a few employees.

- **Critical illness**

This cover pays a sum of money to specific employees or the business owner in the event of a serious illness such as a heart attack or stroke.

- **Income protection insurance**

This protects individuals by paying their salaries while they’re unable to work.

- **Private health insurance**

In selecting Private Health Insurance you are able to provide healthcare for specific employees. As well as being an extra benefit of employment, it could help them to return to work more quickly after an illness by paying for rehabilitation treatment.

### **Insurance for businesses set up from home**

If you run your business from home, you shouldn’t assume that your existing household insurance covers you. You need to assess your business insurance needs separately. For example, your existing policy may not extend to cover:

- The full value of business equipment
- Public liability if customers or members of the public visit your place of work

Talk to your current insurers and explain your plans. They may require an additional premium on your current insurance, changes to your home – such as the installation of a safe or partitions – or over for new areas of risk and liability. If you don't notify your insurers in advance, you may find that your business isn't adequately insured – and you may even risk validating your household insurance policy.

You must also remember to notify the provider of your motor insurance if you intend to use your private vehicle for business purposes.

It's important to monitor your level of insurance cover as your business develops. Schedule an annual review at which you can consider how your needs have changed. Weigh up the cost of the premiums against the levels of risk you're running.

### **Using brokers**

An independent insurance broker who is familiar with your business sector can help you select the right level of cover for your needs, assess which risks pose the greatest threat and find the best deal. Although in some cases you may be able to buy cover directly from insurance companies, it's generally best to use a broker, as they can provide you with advice and help you assess your insurance needs.

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It's a sensible business decision to insure your premises, fixtures, fittings, equipment and stock against disasters such as fire, flood and theft which could prove highly damaging to your operations.

Some business may also want to consider insuring against legal liabilities and buying life and health cover for staff.

## **PRICING**

### **702.07 PRICING MY PRODUCT OR SERVICE**

To a large extent your prices will depend on your market and costs. To make the most profit, you need to know what the customers will pay, what competitors charge and the costs of making each product. You will soon find out if you set the wrong prices. If you set prices too high, people will not want to buy your product. If you set prices too low, your product may look cheap and you will lose money.

You will probably have to change your first prices as you discover 'true costs' and the effect of price on your particular market.

When setting your prices, remember that you need to make enough profit to pay all the costs of the business, including your own wages.

## Pricing Tactics

Pricing tactics can be important, for instance, it is usually more effective to mark prices clearly than make customers ask. Price breaks can also be useful. For some products it is better to break prices at 99 rather than round them up to 1.00. If you study the pricing tactics of the big mail order catalogues and big stores, you will see that they never apply round prices.

Other tactics can also be effective. For example, the antique dealer who consults his record book before he states his price has a better chance of making a sale, than someone who seems to just pluck a figure out of thin air.

### 5 Steps to help you work out your prices

1. Work out your household and personal overheads for one year.
2. Work out the salary you would need to pay yourself. Make sure this is enough to cover your household and personal overheads.
3. Add all your business costs for the same year to your salary.
4. Divide the total by the estimated number of sales over the year. This will give you the cost per item.
5. Add on the profit you want to make for each unit.

Check what price your potential customers might pay. If they are not willing to pay your price, you may need to:

- Reduce your costs; or
- Highlight the difference between your product or service and your competitor's - to justify the higher price.

## Price Cutting

Cutting prices is not normally a good idea for any business. If your profit margins are small, your cash will be tighter and you will have less room to move. It is better to sell good products at a fair price and make a decent profit. For the long-term, remember that your customers have selective memories. They will forget the good price, but they will remember the bad product forever.

## Tying Arrangements

Requiring a buyer to purchase unwanted products in order to get desired products is generally illegal.

## Sale Pricing

A sale price is usually compared to a regular price, leading consumers to believe they are privy to a bargain. But if the regular price is fictitious, the "bargain" being advertised is false. The FTC considers this deceptive and illegal.

## Comparative Pricing

Advertisements that compare the cost of a merchant's product with a higher-priced competitor's product can, when truthful and non-deceptive, lead to lower-priced products in the marketplace. But making incorrect price comparisons with other merchants is considered deceptive.

## Warranties

### Written vs. Implied Warranties

An express warranty is one that is written, and typically accompanies a product for sale. A product of the federal legal system, implied warranties are not written. Instead, consumers can assume that any given product is warranted to be of a quality equal to that generally acceptable among those who deal in similar goods.

### How to Write a Warranty

<http://www.ftc.gov/bcp/online/pubs/productst/warrant.htm>

### Writing Readable Warranties

<http://www.ftc.gov/bcp/online/pubs/buspubs/writwarr.htm>

## 702.08 UNFAIR BUSINESS PRACTICES

Many businesses will do almost anything to gain an edge on the competition. Without a clear understanding of antitrust laws, the price of gaining customers may be losing a business. Antitrust laws make it illegal to conspire to restrain trade or commerce in any marketplace, regardless of size. While small businesses often fall victim to the unfair business practices of larger companies, they can be prosecuted for unfairly dominating markets localized in cities, towns, neighbourhoods or niche industries.

- **Conspiring to Fix Market Prices**

Discussing prices with competitors, even if it affects a small marketplace, may be construed as a violation of antitrust law.

- **Price Discrimination**

Using dominant industry power to secure favourable product prices from buyers, even though such prices are unavailable to weaker companies in the same industry, is generally a violation of antitrust laws.

- **Conspiring to Boycott**

Conversations with other businesses regarding the potential boycott of another competitor or supplier may violate antitrust law.

- **Conspiring to Allocate Markets or Customers**

Agreements between competitors to divide up customers, territories or markets are illegal. This provision applies even when the competitors do not dominate the particular market or industry.

- **Monopolization**

Preserving a monopoly position through the acquisition of competitors, the exclusion of competitors to the given market, or the control of market prices are all in violation of antitrust laws.

## **DISTRIBUTION**

Each business has its own particular transport needs. These depend on the nature of the business and the type of products or services it buys and sells.

When deciding which type of transport meets your business needs, there are several factors you may want to take into account.

- What you want to transport?
- Consider the nature of the products you need to distribute. Are they perishable, dangerous, or expensive?

If you are transporting perishable goods such as food, then clearly speed is of the essence. You may also wish to consider specialised refrigerated transport.

Hazardous goods such as chemicals and waste in transit must meet certain requirements.

When transporting people or live animals you will need to gauge the volume expected to ensure your transport has an appropriate capacity and meets health and safety standards.

- **What changes are needed in your distribution requirements?**

Identify new destinations to be served and estimate the increased volume of products; find out the structure of distribution in new markets; consider speed and frequency of delivery and size of loads.

- **What distribution arrangements will best achieve the customer service you are seeking?**

Decide between direct delivery and the need for warehousing; on the function of warehouses (bulk, intermediate, local distribution) and their locations; define adequate stock levels and how to maintain them.

- **What transport services should you be using in future?**

Decide on the attractiveness of alternative systems in terms of cost, frequency and reliability; decide which services to handle yourself and which to contract out.

- **What organisation do you need to support your distribution?**

Check your information handling requirements; decide how to control remote locations.

If you provide services

- **How will you reach your new customers?**

Decide whether you need to provide a service direct to local markets; consider relative advantages and costs of: establishing a subsidiary or branch, linking with local firms, using an agent or broker.

## **ADVERTISING**

The Federal Trade Commission (FTC) regulates advertising at the federal level to ensure that sellers take responsibility for telling the truth about products and services.

### **Advertising Guidelines by Industry**

The FTC offers advertising guidance to businesses through numerous articles and checklists, many written for specific industries, such as direct marketing or environmental marketing.

General Advertising Policies

<http://www.ftc.gov/bcp/online/pubs/buspubs/ad-faqs.htm>

Consumer Information

<http://www.ftc.gov/bcp/menu-ads.htm>

### **Advertising to Children**

Children may have greater difficulty distinguishing between advertisers' claims and the reality of products' capabilities. The Children's Advertising Review Unit (CARU) of the Council of Better Business Bureaus has published specific guidelines for children's advertising.

Self-Regulatory Guidelines for Children's Advertising

<http://www.caru.org/guidelines/index.asp>

## **SECURING FINANCE**

### **Conventional Business Loans**

Traditional loans, often called "Long Term Debt", are often popular initial financing venues for businesses competing in a proven field. Lenders often include government-sponsored lending programs, commercial banks and small business investment companies.

## **Business Alliances**

A strategic alliance is an arrangement between two or more companies to pursue a common business objective, such as a joint venture, merger or cost-sharing plan, is it right for your business?

## **Angel Investors**

Traditionally, angel investors have been business owners or independently wealthy individuals that finance businesses in exchange for equity. Increasingly, however, angels are banding together into local networks that closely resemble venture capital groups.

## **Asset-Based Financing**

Popular with new companies that are growing faster than they can make money, asset-based financing is a system in which lenders accept as collateral the assets of a company in exchange for a loan. Most asset based loans are financed against accounts receivable and less often, against inventory since receivable are among the most liquid of a company's assets followed by inventory.

## **Venture Capital (VC)**

While most investors use past performance as the primary criteria for deciding whether or not to lend money to businesses, VC firms make investments based on projected future potential. Investors generally expect a substantial portion of the business' equity and/or profits. Have a qualified lawyer negotiate any investment deal between VCs and your company.

## **Investing in Someone Else's Business**

Investing in someone else's business can be a great opportunity. You may be interested in the business as a good investment, as a way of helping a family member, or a way to develop a potential customer.

## **Small Company Offering Registration (SCOR)**

A SCOR is the sale of common stock to the public without the hassle of an initial Public Offering (IPO) through a regulated board such as the NASDAQ or AMEX. Unlike formal IPOs, in which all or most stock is sold and monitored through third parties, most companies involved in a SCOR deal directly with shareholders.

## **Initial Public Offerings**

All offerings of stock and other securities are subject to the federal securities laws, as well as to the securities laws of any state or country where the securities are being offered or sold. Unless there is an exemption that applies to a given situation, these laws generally require that an offering go through a difficult securities registration process.

## **PLAN FOR RETIREMENT**

Business owners frequently put off planning for their retirement. If you have employees, you may want to offer retirement as a benefit, but feel you are unable because of its expense. However, there is one option you may want to consider that would ensure income for you and your employees in your late years:

### **702.09 THE SEP PLAN (APPLIES IN THE UNITED STATES)**

#### **What is a SEP Plan?**

SEP stands for Simplified Employee Pension. A SEP is a retirement savings plan that small companies often offer to their employees. It is also ideally suited for the self employed. SEPs combine many of the advantages of more complicated qualified plans but are as simple to understand as IRAs.

#### **As a self employed person why should I invest in a SEP over an IRA?**

A SEP allows you more of a deduction than an IRA. An IRA deduction is limited to \$2,000 per year. With a SEP, you can contribute up to 15% of your income, not to exceed \$24,000. If your income is \$35,000 for a certain year and you contribute \$5,000 to a SEP, your federal income tax will be calculated on only \$30,000. Assuming a 28% tax bracket, that saves you \$1,400 in taxes. You can then invest that money directly into your retirement account.

#### **How do SEPs appeal to small business owners?**

SEPs can be administered with minimal administrative support, since there are no complicated reporting requirements. Each employee sets up his or her own IRA to receive SEP contributions, and each employee is responsible for choosing his or her own investments. In addition, employers can determine when and what amount to contribute to employee accounts. Since the contributions are tax deductible, you pay less in federal taxes.

#### **What is the appeal for employees?**

These days, it is hard for anyone to save money. SEPs make it possible for employees of small firms to receive employer contributions to their retirement funds and also benefit from tax deferred growth like employees of companies with other tax deferred pension plans.

#### **As an employer offering SEPs, must I always contribute?**

SEPs offer employer flexibility. You decide when and if to contribute. For instance, if you are having a tough year, you may want to make a smaller contribution than the year before, or not contribute at all. By the same token, if you are having a stellar year, you can reward employees for their accomplishments with a larger contribution.

#### **Do I have to contribute the same amount to all employees?**

No. You do not have to offer the exact same dollar amount to each employee. However, you are required to contribute the same percentage of compensation for all eligible employees. Employer contributions may not exceed the lesser of 15% of an individual employee's compensation or \$24,000.

**What are the employee eligibility guidelines?**

Eligible employees include non union employees who are at least 21 years old, have worked for you at least 3 of the last 5 years, and have earned at least \$400 during the past year.

**When can you set up a SEP Plan?**

As the employer, you have until the due date for your business tax return (plus extensions) to set up a SEP. To establish a SEP, you must sign an adoption agreement. Once the plan is set up, all eligible employees (including yourself) can establish IRAs to receive the SEP contributions.

**Who can I call if I want to consider developing a SEP Plan for my business?**

Your accountant and investment advisor can help you determine if a SEP is the best choice for your business. They will look at your business profitability, your employee base, and how a SEP compares to other pension plan options. The important thing is to start as early as possible. In the first few years of your business, cash flow may not be on your side, but time is. Take advantage of it! Commit to paying yourself first. Develop a plan that will enable you to live the lifestyle you want when you retire. There is not time like the present to plan for the future!

(This was written by Patricia L. Bennett who is a registered representative of Tower Square Securities, Inc. (NASD/SIPC). She is President of Bennett and Trussell Financial Services in Greenland, NH)

## **THE EXIT STRATEGY**

Consider your exit strategy when starting up

When you're setting up your business it's essential to think about how you'll ultimately end your involvement with it.

A well thought-out exit strategy can help you to:

- Maximise the value you get from your business
- Successfully market your business to potential buyers or investors
- Ensure you end your involvement with as little disruption to the business as possible

Regardless of whether you exit occurs to a planned schedule or you are forced to make a move for unexpected reasons, the decisions you make when setting up can affect how easy it is for you to eventually exit your business.

For more information on your exit strategy consult the 8<sup>th</sup> floor.

