

## **Important Notes “An MBA In 10 Minutes On How To Run Your Business For Maximum Profits”**

### **Top of The Funnel**

The top of the chart summarizes the primary sources of relevant traffic for your business. Think of the most prosperous shopping mall you have ever visited. None of the stores in that mall can do any business without people first coming to the mall. Once at the mall, the stores in the mall use their location, merchandise displays and signage to attract the visitors to the mall into their store. Once in the store the merchandise, pricing and customer service all influence the buying decision. As Les Wexner, chairman of The Limited Corp. said in a shareholders meeting in 1986 “nothing happens in our stores until a visitor says I’ll Take It!”

Whether you lead a multi-billion dollar international company or operate one web site from your one bedroom apartment, the principle is the same. You must have traffic to your business and once there you must convert that traffic to customers.

Traffic and conversion are covered in numerous books, ebooks, seminars, coaching programs and membership sites. I have included several outstanding resources in the appendix to this report. There are new rapidly developing sources of traffic that you should include as part of your fishing strategy – fishing for relevant traffic. If it is wild Alaskan Salmon you want to catch, don’t cast your line in the Caribbean.

### **Basic Nuts and Bolts Business**

I have worked with many companies that appear to be complex. Their management teams say their problems are unique. Their executives say the problems they encounter are very difficult and there often is no guide on how to solve those problems. Most days people wander around shaking their head saying “what are we going to do.”

The reality is that almost always, solving business problems and achieving business performance goals is a very straight forward process.

Generally, most companies do not follow a disciplined management system for running their company. I was taught the principles of a rational, disciplined management system by one of the most successful executives in business during the 80’s. I was fortunate to have worked for this man for three years. The following is the essence of a disciplined management system. It is basic nuts and bolts business and starts with a plan.

The fundamental tool of any business is a financial business plan that mirrors the company’s business strategy. Underlying every aspect of a successful business is one simple formula:

### **Plan – Actual = Variance**

The plan is developed for optimal but achievable cash profits after paying the owners a minimum required percentage of revenue for accepting the risk of the business. Notice the line Predetermined Profit and that it is the first line item of expense. The owner(s) pay themselves first and can choose to leave this in the business or take it out. This number is in addition to fair compensation.

Most of the chart is structured in a traditional income statement format. If you have employees, net cash profit is the pool of money available for performance pay. The key point here is : once you have developed the annual plan, you must roll that back to the performance that must be achieved today and this week in order to hit the plan. You also must have the information network in place to capture data at the detailed level that can be compared to the actual plan with actionable variances calculated.

Contribution margin is highlighted on the chart and it is important to calculate this accurately. This flows into calculating the lifetime value of a customer and the cost to acquire a customer. These two numbers will guide you in establishing and implementing your marketing strategy.

Below contribution margin are fixed costs. These include costs that continue if you have no customers. I do not advocate allocating fixed costs. However, if you have a “green eyeshade” financial advisor who insists on allocation, it is not worth the fight. I also do not think it is valuable to spend much time trying to decide if certain items are fixed or direct particularly if they are minor.

The final two sections of the chart are liquidity management and financial flash reports. These two areas often take a back seat to revenue and profits. It is true that liquidity (your cash in the bank) is strengthened or weakened by cash profits. However, if your business lacks the proper controls over accounts receivable, inventory and spending, liquidity is likely to become weak over time. Remember when you are out of cash you are out of business.

Every aspect of any business fits this model. Even if you are buying and selling companies, using the tools summarized in this chart will be priceless.

At this point, if you feel you need more information then I have good news. (I know you are thinking here is where I will sell you something. – Wrong!) The course “How To Increase Profits by 30% or More in 90 Days or Less” goes into much of this in greater detail. Subscribe to this for FREE at [www.asktheconsultant.biz](http://www.asktheconsultant.biz)

## **Appendix I: Recommended Resources for: “An MBA In 10 Minutes On How To Run Your Business For Maximum Profits”**

Derek Gehl – Internet Marketing <http://www.marketingtips.com/t.cgi/815941>

Dan Kennedy – Direct Response Marketing <http://www.stevepohlit.com/dankennedy.html>

John Reese – Internet Traffic, Internet Marketing <http://www.reesereport.com/stevepohlit>

How to Use Blogs To Build Your Business: Blogging for Profits <http://stevereports.com/blogging-for-profits-free-mini-series-register-here/>

Article Marketing With Content Composer, Build Web Sites with Portal Feeder and more from Jason Potash <http://wetrack.it/eza/a/stevepohlit>

The Most Comprehensive Program in The Universe on Marketing, SEO, and Many Other Business Building Techniques. StomperNet (Program Is Closed – [Contact Me](#))

The best internet marketing seminar on the planet offered by one of the most sincere, caring persons I have ever met. [Ken McArthur](#)

Personal Development : Simpleology <http://www.stevepohlit.com/simpleology.html>

Personal and Professional Development:

Since None Of This Make Any Difference if we are not healthy and feeling good, you are invited to visit the company I have used as the primary source health education and the best products on the planet. <http://GetOiled.com>