

The Four Fundamentals of Business

What you don't know CAN hurt you

August 8, 2024

The Goal.

To create a highly **profitable** business that **works** without the **owner**.

ANNEAL

2

AGENDA

4 Disciplines of Business

Marketing + Sales

Admin + Finances



Leadership + Mindset

Production + Processes

Getting started

ANNEAL

3

4 Fundamentals of Business

Every business must be at least **good** at all four.

ANNEAL

4

4 FUNDAMENTALS OF BUSINESS



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Guidance

"If you don't know where you're going, you'll wind up somewhere else."

- Yogi Berra

GUIDANCE

Leadership

Vision

Planning

Organization

Culture

Accountability

Mindset

Goals

Incentives

Delegation

Communication

Team

VISION

Not useful:

"...using our portfolios of brands to differentiate our content, services, and consumer products, we seek to create the most creative, innovative, and blah, blah, blah..."

Useful:

"A smile on every face."

"A profitable business that can run without the owner."

CULTURE

Integrity:

- I believe that honesty is the essence of integrity
- I speak the truth and I deliver what I promise.
- I only make agreements I am able to keep.
- I communicate any potential for a broken agreements at the first opportunity.
- I clear up any broken agreements immediately.

Gossip:

- Gossip is sharing of unverified negative or private information with the intent to harm, undermine or entertain.
- I agree not to participate in gossip as either a recipient or a source. .

MINDSET

"He thinks in secret and it comes to pass,
reality is but his looking glass."

- James Allen



Change

$$(D * V) > R$$

Dissatisfaction **times** Vision must be greater than Resistance to change.

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Marketing and Sales

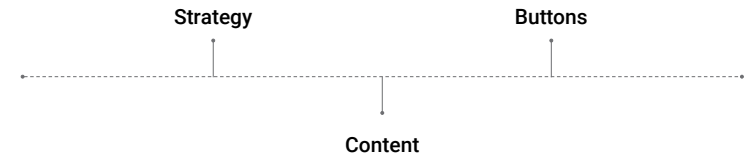
"When fishing for buyers (as when fishing for bass),
one should not reveal the hook."

- Claude Hopkins

CUSTOMERS

Sales	Mktg Channels	Retention
Leads	Advertising	Closing
Target Mkts	USP	Engaging
Referrals	Conversion	Upsell

MARKETING



Sales

$$(D * V) > R$$

Dissatisfaction **times** Vision must be greater than Resistance to change.

USP Defined

"Oh, you're the guys who..."

The reason, other than price, to
choose you over your competition.

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Production

"You cannot manage what you do not measure."

- Edward Deming

PRODUCTION

Measure

Consistency

Quality

Deliver

Workflow

Feedback

Efficiency

Systems

Constraints

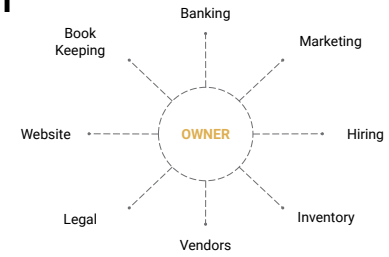
Getting Organized

The key to freedom.

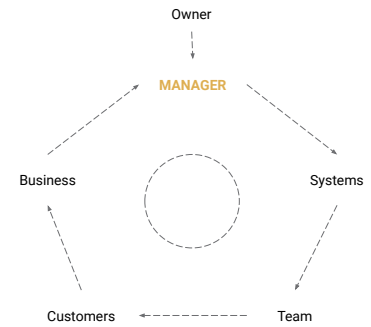
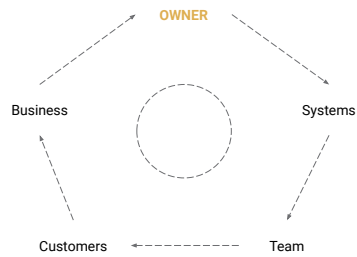
FULLY ORGANIZED BUSINESS:

1. Vision
2. Mission
3. Culture
4. Goals
5. Org Chart
6. Job Descriptions
7. Systems
8. Workflows
9. How-to manuals
10. Key Performance Indicators

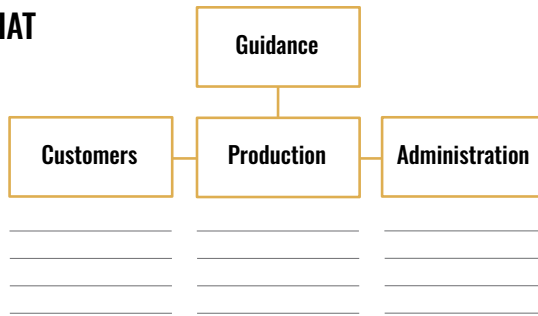
HUB-SPOKE MANAGEMENT



CIRCULAR MANAGEMENT



WHO DOES WHAT BY WHEN?



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Administration

"...without it merchants would have no rest and their minds would always be troubled."

- Luca Pacioli, Venice 1494

ADMINISTRATION

Cash Flow	Hiring & Firing	I.T. & Email
Billing	Legal	Website
Payables	Payroll	Insurance
Bookkeeping	Taxes	Regulatory compliance
Finance	Corp Governance	And so much more...

PRESERVING MARGINS

	Margins								
	20%	25%	30%	35%	40%	45%	50%	55%	60%
Discount									
2%	11%	9%	7%	6%	5%	5%	4%	4%	3%
4%	25%	19%	15%	13%	11%	10%	9%	8%	7%
6%	43%	32%	25%	21%	18%	15%	14%	12%	11%
8%	67%	47%	36%	30%	25%	22%	19%	17%	15%
10%	100%	67%	50%	40%	33%	29%	25%	22%	20%
12%	150%	92%	67%	52%	43%	36%	32%	28%	25%
14%	233%	127%	88%	67%	54%	45%	39%	14%	30%
16%	400%	178%	114%	84%	67%	55%	47%	41%	36%
18%	900%	257%	150%	106%	82%	67%	56%	49%	43%
20%	-	400%	200%	133%	100%	80%	67%	57%	50%
25%	-	-	500%	250%	167%	125%	100%	83%	71%
30%	-	-	-	600%	300%	200%	150%	120%	100%

INCREASING MARGINS

Increase	Margins									
	20%	25%	30%	35%	40%	45%	50%	55%	60%	
2%	9%	7%	6%	5%	5%	4%	4%	4%	3%	
4%	17%	14%	12%	10%	9%	8%	7%	7%	6%	
6%	23%	19%	17%	15%	13%	12%	11%	10%	9%	
8%	29%	24%	21%	19%	17%	15%	14%	13%	12%	
10%	33%	29%	25%	22%	20%	18%	17%	15%	14%	
12%	38%	32%	29%	26%	23%	21%	19%	18%	17%	
14%	41%	36%	32%	29%	26%	24%	22%	20%	19%	
16%	44%	39%	35%	31%	29%	26%	24%	23%	21%	
18%	47%	42%	38%	34%	31%	29%	26%	25%	23%	
20%	50%	44%	40%	36%	33%	31%	29%	27%	25%	
25%	56%	50%	45%	42%	38%	36%	33%	31%	29%	
30%	60%	55%	50%	46%	43%	40%	38%	35%	33%	

SALES TO BREAK EVEN

Sales	\$100,000	100%	
Caregivers	- \$50,000	50%	
Margin	\$50,000	50%	(Our share of the sales)
Sal & O.H.	- \$40,000	B.E.?	$\$40,000 / \$.50 = \$80,000$
Profit	\$10,000	10%	

What would you have to do to double your net profit?

SALES TO DOUBLE PROFIT

Current Sales

Sales	\$100,000	100%
Caregivers	- \$50,000	50%
Margin	\$50,000	50%
Sal & O.H.	- \$40,000	
Profit	\$10,000	10%

To Double Profit

Current Profit	\$10,000
To Double	\$10,000
Increase	$\$10,000 / \$.50 = \$20,000$
Original sales	\$100,000
New sales	\$120,000
To Double	20% increase in sales

Getting Started

First things *first*.

CLARITY - D

The unfortunate thing about _____

is _____, therefore

I must _____.

CLARITY - V

I will Accomplish _____ by _____

because _____.

Advisor and Mentor Checklist:

CPA	HR
Banker	IT
Attorney	SEO
Insurance	Sales
Benefits expert	Leadership
Bookkeeper	Regulatory compliance
Social media	Safety
Content	Regulatory compliance
	Coach

"Focus on *steering* the ship, not rowing it."

**What stands out from what
you've heard today?**