



Transcript for Podcast Episode: 003

## *Reviewing Your Business In The New Year*

Hosted by: Michelle Ward and Shawn Cahill

- Michelle:** We are Modern CPA. Our purpose is to provide valuable information to small business owners on our podcast Profit Points. We discuss business, how-to's give tax tips and dig into real life experiences in the crazy world of running your own business. If you find this podcast helpful, then like, subscribe and follow us on social media.
- Michelle:** Hi, everyone, we're Modern CPA and this is our podcast Profit Points, where we talk to small business owners and professionals about what they see in the business world, and our goal is to help people get savvy about how to start and run their business. Thank you for joining us today, and we're going to talk about items to consider for twenty twenty two. So welcome, Shawn. Shawn is one of the partners with Modern CPA, and we like to provide this valuable information to our community.
- Shawn:** Hi, everyone.
- Michelle:** So for twenty twenty two, now that we're starting this year out, I think it's a good time to set some goals for what's going to happen in the upcoming year.
- Shawn:** Yeah, I mean, as a business, you want to have benchmarks and goals that you want to strive for for the upcoming year. What are some of the types of goals you think they should know or businesses should be looking at?
- Michelle:** Yeah. So everyone, when they think of goals, most people tend to think of money goals or revenue goals, which obviously are very important. But there's other types of goals that go hand-in-hand with that. And that could be things like gross profit percentage. So how much are you taking home or putting in your pocket? Once the cost of creating that revenue is paid for things like non-financial, such as your people, how many people do you have on staff and are they operating efficiently? Some other goals may be customer retention or attrition rates, sales goals, sales goals, maybe the process in which the sales team is operating. None of these have to really do with the true financial numbers, but obviously impact finances drastically when done appropriately.
- Shawn:** Yeah, I think, you know, all of those types of goals, you know, at the end of the day affect the bottom line and your profitability or lack of profitability if you're not, you know, working those goals and identifying them and trying to improve in different areas of your business.
- Michelle:** Yeah. So one of the things where your goal setting one on one two one is set the goal right, it needs to be identified. They need to know exactly what the goal is going to be

and being able to measure that goal. So what are the measurements that are going to be in place for you to hold yourself accountable to reaching those goals? And let's just say you may not reach every goal, but it's better than not reaching it at all because you haven't set any measurements in place. So getting them some sort of measurement in place on those goals, it's going to be really key for the upcoming year.

**Shawn:** Yeah. And I think also in line with that is it's not overwhelming yourself in your business with all of these goals. It's great to have these these benchmarks. And but if you have 20 goals in your in your business, you're going to just you're going to be spending all your time just kind of going back through all of these things time after time and you're not really focusing on the important ones and and really honing in on those those few goals that that you really, really want to strive for.

**Michelle:** Yeah.

**Shawn:** I think taking, you know, ranking them in kind of order of importance and then, you know, just focusing on a few of them at a time.

**Michelle:** Exactly. You know, I always suggest to people when I do, our growth planning sessions with them is identify three, maybe four top priority goals that will have a big impact on on the company. And you would be surprised, you know, sometimes the goals, even if they seem like they will, they're are doable. You must make sure that they're, you know, you can measure that. And the small impacts can equate to very large outcomes later on down the line. So what seems like maybe a big, very big goal can be tackled with small incremental changes.

**Shawn:** Yeah, exactly. And you know, depending on the goal, it may not be something that that's an ongoing, you know, thing that you continue to measure, and it may be something that's done in a short period of time to implement. And then and then you can kind of, you know, once that's in place, then you can kind of go back to your set of goals and then, you know, go to something else.

**Michelle:** Definitely. That leads to like setting the goal, achieving it. Going on to something else is the time set aside to review them on going ongoing, right? Tracking that progress and communicating among your team when appropriate. So you may have a sales goal that your whole sales team is really focused on. And maybe your executive team also is in the loop on that, but the sales team is really going to drive that and is going to take ownership of it. And that communication with that team and making them feel like they're a part of all of that decision making and potentially providing some sort of benefit to them for participating is really helpful in that whole goal setting, achieving and moving on to the next call right process.

**Shawn:** Yeah, exactly. And if you're using your, your staff, your your employees providing some sort of benefit for achieving those goals, you know, something that they can, you know, strive for as far as you know, whether it's, you know, bonuses or gifts or, you know, some sort of recognition for for achieving those goals, it really boosts morale and helps get get staff buy in to achieve those goals. And then you may you may have to also reach out to

third parties who are necessary to help with these goals. Or, you know, you know, assuming maybe maybe you use an outside advertising company or whatever. And part of it is, you know, one of your goals is in that realm. So communicating that with those parties as well, not just your internal staff.

**Michelle:** Yeah, that's a good point that it doesn't necessarily mean just people that are working for you. And we have we could have small business owners that they're basically the only people working in their company. It doesn't mean you can't have goals because you still have some outside help. In most cases you have. Some external group or person that helps you with things and they are a part of your team, so the communication where necessary, even though they're not on your payroll per se, they may be an independent contractor. It's still very important to keep them in the loop on the goals and where you want it to track and the progress of that.

**Shawn:** Yeah, exactly. And you know, tracking progress, you know, may require you setting up some sort of processes or technology to help you track that progress.

**Michelle:** Yeah, it might be too complicated. You need to bring in the help of something else to help you with that tracking.

**Shawn:** Yeah, exactly. And then, you know, having that, having those processes, you're getting those set up, you know, will help you make it easier for you to track that progress over the time period that that you're looking at. You know, and then throughout the year, you know, going through and reviewing the progress and, you know, making the necessary changes and adjustments, you may have set a goal that you know, is pretty lofty. And you know, during the year, you're not seeing, you know, you're not hitting those marks to get you to that goal. So you may need to make adjustments. Maybe it's even, you know, dialing back that goal number or, you know, doing other things too to excel.

**Michelle:** Yeah, it could be identifying what the holdup is, you know, and what can be tweaked in order to try and reach the goal or at least move the needle in the right direction going forward?

**Shawn:** Yeah, exactly. I mean, just because you set up the goal and you start setting up the processes and all that stuff doesn't mean it has to stay that way. You need to be able to be flexible to make the necessary adjustments.

**Michelle:** So once we set up these goals and we set up these processes, our idea is that you're going to have a change in your financial numbers, potentially depending on the true outcome. But the next step would be maybe setting up that budget for twenty twenty two and incorporating the outcome of what some of those goals will do for your bottom line into those numbers and will allow you an opportunity to see how your meeting or exceeding the budgeted numbers based on those new goals.

**Shawn:** Yeah, exactly. And those goals, you know, there may be an expense related to that or a cost where you may potentially have to go out and get funding for it or, you know, tap

into your cash reserves.

**Michelle:** So yeah, especially if you're reinvesting into the company and trying to get into a growth pattern.

**Shawn:** Exactly. So you know, when you're setting up your budget, a lot of times you kind of look at last year and, you know, tweak the numbers to say, OK, you know, this is what I did last year, so I'm going to budget for next year, the same thing. Well, you're going to have to look at it a little bit differently with these goals in mind. And where are these costs are going to be? And you know, we're in a period right now of inflation and costs from two years ago are not what they are today. So, you know, you need to take a good look at what your budget numbers are and not just, you know, carbon copy from the last year.

**Michelle:** Yeah, yeah, really. Take a look at what some of that is. And I think it's a great exercise anyway, because it gives you an opportunity or makes you take an opportunity to really look at some of your expenses and see if there's ways of cost cutting to help increase that bottom line.

**Shawn:** Yeah, exactly. Yeah, it's easier when you're going through the budget, it's know you're looking at these different line items and seeing ways to improve, improve those numbers.

**Michelle:** So I guess another thing outside of goal setting, there's a couple of other things that come to mind when looking at a new year. And one of those things is your contracts and agreements that you have outstanding in your mind. Sean, what are some of the examples of these types of contracts agreements that you looked at?

**Shawn:** So you know, there's in contracts you probably have agreements with with customers, vendors, employment contracts. So, you know, it's a good time to, you know, kind of review all those things, especially when you're mixing in some of these goals. You know, perhaps there's, you know, changes in how much you're charging your ongoing customers. Maybe there's different terms you want to have with customers or vendors. So reviewing these these items, talking with your attorney and the best way to to make these changes in the contracts, you know, getting them set up and reviewed and adjusted. And you may not have had some of these contracts in place, but. For but now you need those created to kind of solidify those relationships. Some other documents you maybe here wanting to implement are retirement plans, you need to have a retirement plan document put in place other insurance agreements. You're reviewing those and having those put in place your employee manual, reviewing that and seeing if there's anything that needs to be adjusted and changed and updated.

**Michelle:** One other one might be also merchant services, you know, taking a look at your agreement with your merchant service provider and whether or not that that still makes sense if there's been any changes to that meaning fee increases, monthly costs that maybe they they didn't fully tell you about or slipped under the radar in the past? Yeah, that's a good time to review that as well.

- Shawn:** Yeah. And some of that stuff you may have identified while you're going through your goals and your budget. And you know, with those adjustments in pieces, you know, there's the back end documentation and that need to be adjusted.
- Michelle:** So yeah, so then the next thing that comes to mind is employees, you're starting off a new year. Many people review their employees on an annual basis, which they probably should be doing. And now maybe a great time to begin that process of staff evaluations or performance reviews or hourly or salary rate increases or identifying potential bonuses for the year, depending on maybe some of the goals that are set. What are your thoughts on that?
- Shawn:** Yeah, I mean, going back through and, you know, identifying when was the last time you've done performance evaluations for your employees, you know, generally that you should do at the same time of the year every year. Some companies do it multiple times a year. So like know every six months or quarterly reviews. So making sure that you have that in place and identifying the appropriate time to do that as well. Because some businesses are seasonal or so you may have you may do those performance evaluations after a busy time versus, you know, during the middle of a busy time. But maybe that's more appropriate for your business. So just identifying when to do them and making sure you're doing them regularly?
- Michelle:** Yeah. And I think it's an opportunity to see what help you have for the upcoming year and what are their levels and where do things where are their holes really to? You know, it's like maybe you've seen a massive amount of growth and you have a whole department that needs extra help now because of those things that have changed. When you're in the middle of it, it's very difficult to fill those spots. But if you have an opportunity to say, OK, well, we're expecting a certain growth in this maybe niche area because that was part of our goals for the upcoming year. What does that look like in as far as how our staff? Right? Will we need to hire somebody now because we are niching in this particular area and we need more help that we're going to see this exponential growth because of it? It's a good time to review that.
- Shawn:** Yeah, I think these evaluations are not or shouldn't be one sided. You should also be getting feedback from your employees, as well as to as to how you know how they self evaluate their performance and what their goals are. So you can find out a lot of really interesting and important information by, you know, offering them the ability to kind of, you know, provide that information to you. You may find somebody that's really interested in a particular aspect of the business that currently isn't working in that. And, you know, and give them an opportunity to delve into something else, especially if they're really good performing employee. Yeah, you want to give them every opportunity to try different things and see and grow. Yeah, exactly. Yeah. You know, there's there's a lot of there's a lot of employees that are leaving companies now and you're offering opportunities for your employees to have more input and insight into the company. Really, you know, goes goes towards employee morale.
- Michelle:** Morale and stability, stability of the turnover of the employees, as well as the stability of the company. Because, you know, you may not be able to run the whole company yourself. So these people, the people that you have on your team are important. So,

yeah, exactly. Taking the time to hear them.

**Shawn:** It takes a lot of time and cost to hire and train new employees and the more you can keep good employees, the better helps the bottom line at the end of the year.

**Michelle:** For sure. For sure. So the one of the last things that comes to mind is our customers and touching base with them now that the holiday season is over. When is a good time to do that with customers figuring out and identifying customer service or customer feedback, whether that be ongoing throughout the year? Or is it one one time that there's a customer feedback period, something like that. So any thoughts on the customer aspect?

**Shawn:** Yeah, I mean, just getting getting some sort of feedback of their experience with working with you and how your you're performing, delivering on your customer expectations, it's always important to to understand what their experience is like and making sure that your, you know, you're knocking it out of the park with your customers. You know, you want, you want that. You want those repeat customers. You want them to keep coming back, you want them to refer you. So getting feedback on their experiences is important. Mm-Hmm.

**Michelle:** Mm-Hmm. Well, do you have any other items that you think that would be? We probably could talk about this all day, really. I mean, there's so many avenues, but we've got to keep it short for time sake. Any other ideas that you have?

**Shawn:** Just, you know, just the things that we talked about, you know, spending some of that time on, you know, on this, this is all part of of working your business in the best possible way, not just consumed with delivering whatever you know your product or service is

**Michelle:** Or being in the business of, you know, you're working on the business at this point, right?

**Shawn:** Yeah, exactly. And these are all the things that help you grow and succeed. So it's important to take the time to do these things.

**Michelle:** That's awesome. Well, I'm so glad that we were able to talk today about these things, and we thank you the community for joining us today on Profit Points and we look forward to the next time. Take care, everyone.

**Shawn:** Thank you.

**Michelle:** If you find this podcast helpful then like, subscribe and follow us on social media.