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Planning for the Future of Your Distributorship

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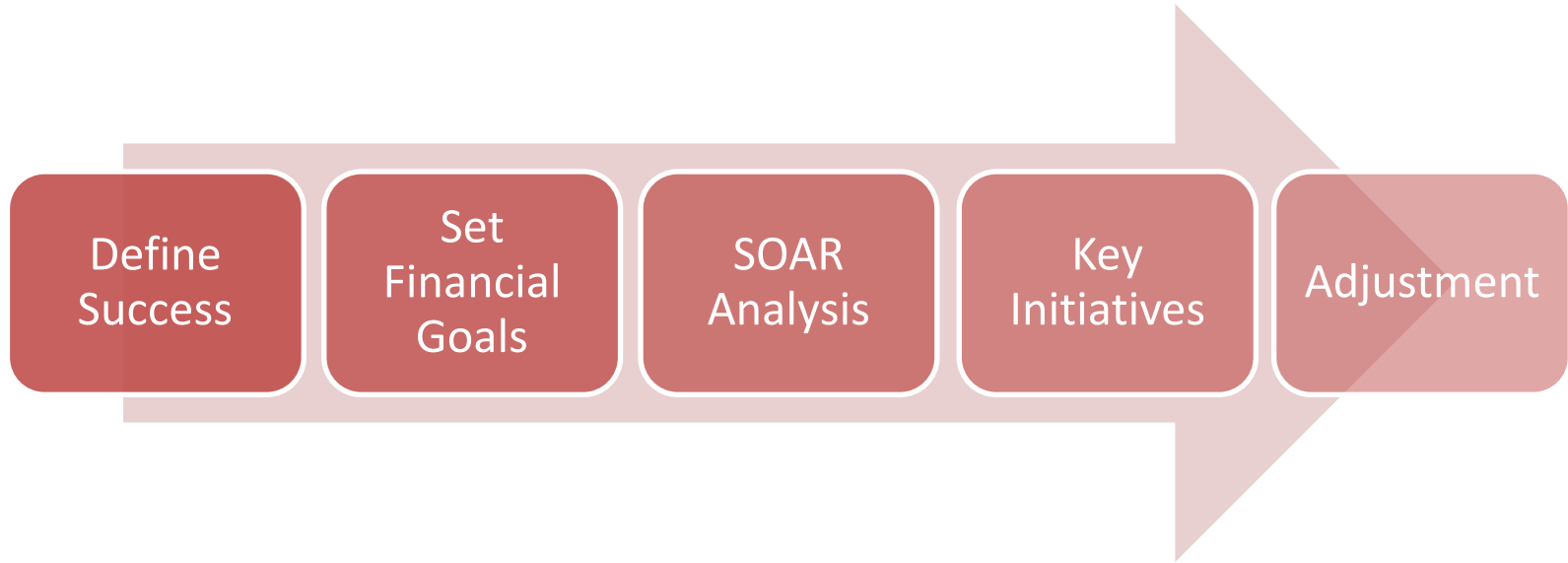
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Planning for the Future of Your Distributorship



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WHAT CAN YOU DO NOW TO
INCREASE THE PROBABILITY OF
SUCCESS?



FIRST, WHAT DOES SUCCESS
MEAN TO YOU?



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Setting Financial Goals

Set **SMART** goals

- Specific
- Measurable
- Achievable
- Relevant
- Time-bound

People who set goals are

10x more likely

to succeed than those who don't.

Source: Harvard Business Review
(hbr.org)



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Understand the Building Blocks

- 4 key financial numbers
 - Gross Margin
 - Fixed Expenses
 - Variable Expenses
 - Pipeline – What orders are coming next?



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Understand the Building Blocks

- Gross Margin
 - Sales less everything it takes to produce that sale
 - Margin vs. Markup
 - Markup % = the Profit Margin/Cost
 - Margin % = Profit Margin/Sale Amount
 - Average Margin for the Industry: **35%**



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Understand the Building Blocks

- Fixed Expenses
 - Anything not contingent on sales/activity
 - Rent, utilities, software package, bookkeeper, CSRs, dues
 - Come up with a MONTHLY number of fixed expenses (set 6 months aside).



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Understand the Building Blocks

- Variable Expenses
 - Tend to fluctuate with sales/activity
 - Commissions, franchise fees, performance bonuses
 - While fixed expenses tend to be a steady dollar amount, variable expenses can be budgeted via a % of sales.



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Financial Statement Example

	<u>Jan</u>	<u>Feb</u>	<u>March</u>	<u>Apr</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug</u>	<u>Sept</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Total</u>	
Sales	100,000	80,000	105,000	100,000	80,000	120,000	110,000	105,000	80,000	90,000	95,000	50,000	1,115,000	
COS	65,000	52,000	68,250	65,000	52,000	78,000	71,500	68,250	52,000	58,500	61,750	32,500	724,750	
Gross Margin	35,000	28,000	36,750	35,000	28,000	42,000	38,500	36,750	28,000	31,500	33,250	17,500	390,250	35%
Fixed Expenses:													-	
Rent	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000	
Utilities	250	250	250	250	250	250	250	250	250	250	250	250	3,000	
Software	165	165	165	165	165	165	165	165	165	165	165	165	1,980	
Dues	20	20	20	20	20	40	20	20	40	20	20	500	760	
Office Wages	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	75,000	
Payroll Taxes	469	469	469	469	469	469	469	469	469	469	469	469	5,625	
Total Fixed Expenses	12,154	12,154	12,154	12,154	12,154	12,174	12,154	12,154	12,174	12,154	12,154	12,634	146,365	
Variable Expenses:														
Sales Commission	14,000	11,200	14,700	14,000	11,200	16,800	15,400	14,700	11,200	12,600	13,300	7,000	156,100	
Sales Bonus	-	-	-	-	-	-	-	-	-	-	-	5,000	5,000	
Payroll Taxes	1,071	857	1,125	1,071	857	1,285	1,178	1,125	857	964	1,017	918	12,324	
Travel	2,000	-	-	-	250	-	-	-	-	600	-	-	2,850	
Meals and Entertainment	100	120	300	100	100	205	300	100	50	100	-	500	1,975	
	17,171	12,177	16,125	15,171	12,407	18,290	16,878	15,925	12,107	14,264	14,317	13,418	178,249	
Total Expenses	29,325	24,331	28,278	27,325	24,561	30,464	29,032	28,078	24,281	26,418	26,471	26,052	324,614	
Net Income	5,675	3,669	8,472	7,675	3,439	11,536	9,468	8,672	3,719	5,082	6,779	(8,552)	65,636	



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Understanding the Building Blocks

Pipeline

- Strong CRM
- Visibility/Transparency
- Organization/Prioritization
- Systemic Approach
- Customer acquisition strategy



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SOAR Analysis

- Strengths
- Opportunities
- Aspirations
- Results



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TESLA




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Develop Key Initiatives

Identify the key projects or actions that are going to help you achieve the goals you set.



Break down larger goals actionable steps.



Initiatives should align with your strengths and opportunities.



Prioritize these initiatives based on impact and feasibility.



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Develop Key Initiatives

- Identify any **resources** you need to achieve those initiatives.
 - Time
 - Finances
 - Additional employees
 - Technology



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Monitor and Measure Progress

Measurement

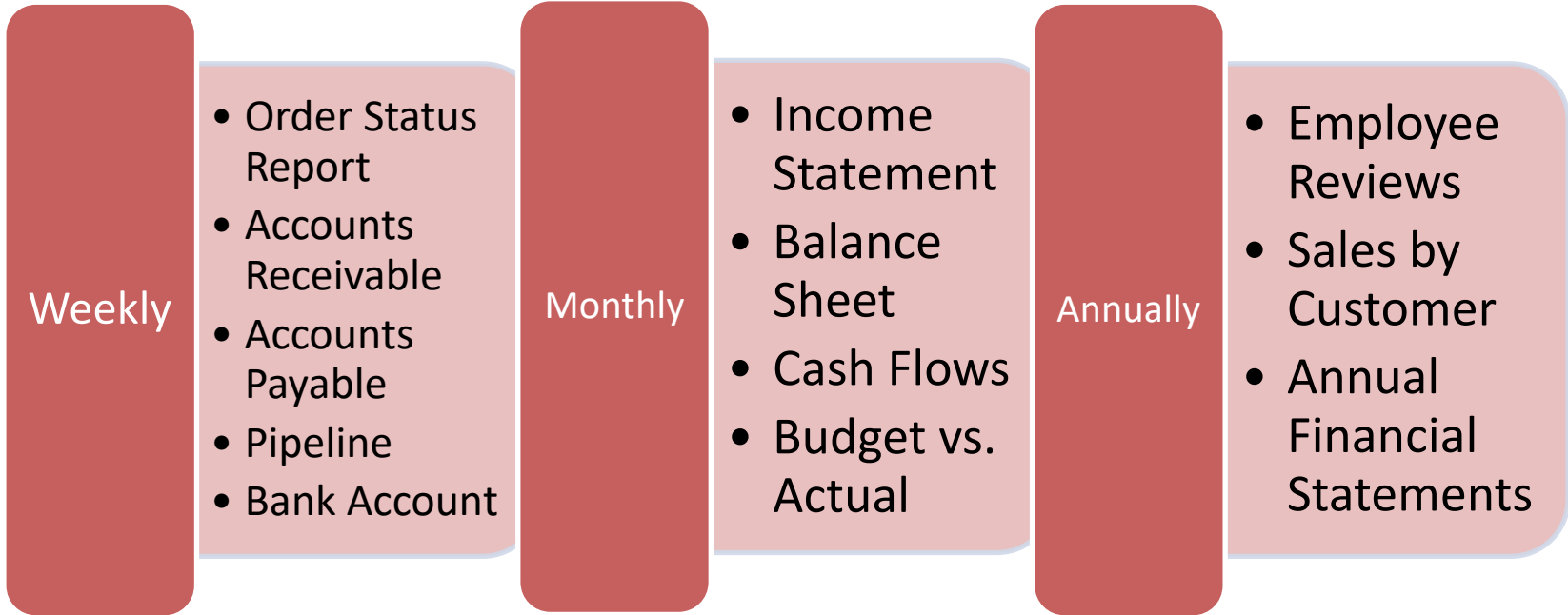
- Systematic/Routine
- Automate
- Internal Reports
- Compare expectations with actual results



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Monitor and Measure Progress

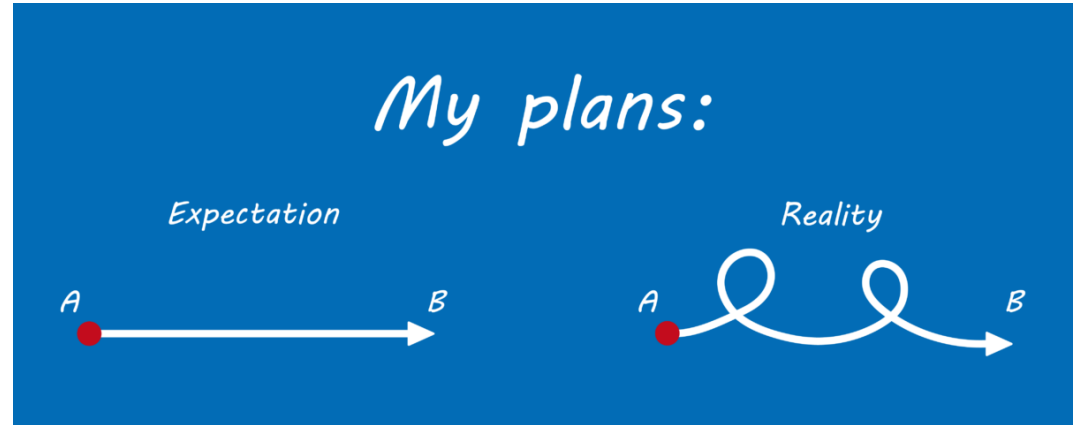


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Make Adjustments

- Compare the actual results were expected results – pinpoint what happened and WHY.
- Reassess your goals – are they still appropriate?
- Adapt to the changing environment.
- Reallocate resources.



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