

USING A PROFITCENTS REPORT WITH A CLIENT

1. Prepping the Client

Let your clients know you are introducing a new value-added service for financial assessment and would like to ask them a few questions to direct how you will customise the performance evaluation to best suit their individual needs and concerns. Some possible questions and areas to consider include:

- What financial issues most concern you—liquidity, turnover growth, profitability?
- How many employees do you have this period? Last period?
- How quickly are you collecting trade debtors—40 days or less?
- How quickly are you paying your trade creditors?
- When was the last time you increased fees? Are you able to pass these increases on to your customers?

The idea is to pique their interest about the possibilities of using this report and let them know how it will be useful to them. Wait at least three days to schedule an in-person meeting in order to discuss the report.

2. Discussing the Report

Print the report to provide to your client. You can also prepare a PowerPoint or review it on your iPad during the meeting. **Make sure you have tailored it to your client and his/her business, or at a minimum, customised it with your own logo or letterhead.**

Overall Summary

Begin by stating you have compiled a summary financial assessment that can help clarify their financials and help them make their business more profitable. Then give an overall summary assessment based upon the scoring system of the report.

- If sales are excellent:
Looks like turnover is increasing. Can we find better ways to utilise that revenue?

Then discuss each of the major areas covered in the report. Ask questions, using the report as the basis for your discussion. The next few items will give you some examples of how to use each section of the report effectively in your communication with your clients.

Liquidity

- If liquidity is poor:
*Do you have a plan to help generate better long-term profits? Do you need help in creating one?
How are you funding your short-term liquidity problems?
How is your relationship with your banker? Could I introduce you to mine?*
- If liquidity is excellent:
Are there better ways of using excess funds? Investment opportunities?

USING A PROFITCENTS REPORT WITH A CLIENT (CONT'D)

Profits and Profit Margins

- What are their goals?
*Is your goal high profits or growing your business rapidly?
How can we increase profits—through significant growth or cost cutting?*

Turnover Growth

- What are their goals?
*Is your goal rapid growth or moderate controlled growth? Could I introduce you to my other clients who may be potential customers?
I know of other businesses similar to yours that have been very successful in this area. Would you like me to introduce you?*

Borrowing

- Areas to consider:
*What is your feeling towards debt? Would you consider yourself debt averse or do you view debt as a way to leverage growth?
Are your cost of funds and interest rates lower than your return on assets?
How is your relationship with your banker? Could I introduce you to mine?*

Assets

- Ideas about buying new assets:
*What will the return be on your investment? What are your target returns for your major assets?
Can I help you assess the profitability of your major assets—should you divest? Sell some? Expand a current line?*

Employees

- Attitude towards employees:
*What is your target return on investment when hiring someone new? Can I help you with the hiring process?
Do you consider temps or only full-time employees? Why?*