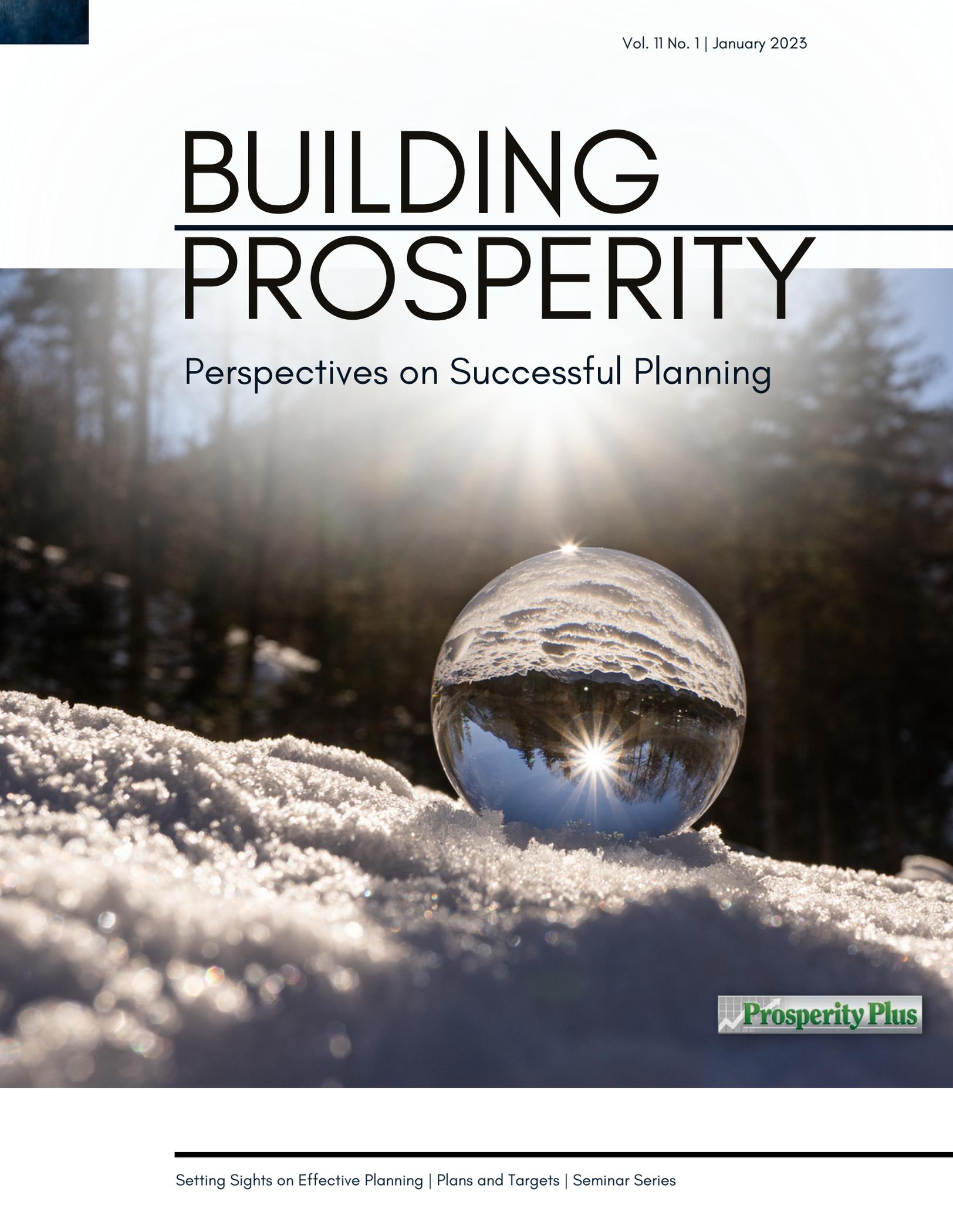


# BUILDING PROSPERITY

Perspectives on Successful Planning



## Well here you are 2023. We have plans for you!

There didn't seem to be as much talk about New Years resolutions during the most recent holiday season. Perhaps that's because people were too grateful to be out among family and friends after having been forced into virtual gatherings for so long. To actually make plans to see people face to face became a novelty and perk again, and we earned those freedoms.

We're also free to make plans for the business, though some may not necessarily choose that term when it comes to confronting the subject of planning. And that's why we elected to put planning down as the main topic in this issue of *Building Prosperity*.

As Jim Kahrs says in his article "*Setting Sights on an Effective Business Plan*," success doesn't happen by accident. Turning the page to a successful 2023 will require a new level of focus and a strong game plan in some key areas while also managing all aspects of the business.

And to ensure we understand the essential components of planning, we draw from the author of the Hubbard Management System himself, L. Ron Hubbard who gives us a clear rundown on *Plans and Targets*.

And if that's not enough content, there is our seminar on *How to Make Your Plans Succeed* coming up on January 19, 2023. Be sure to give that a view.

Enjoy the issue and enjoy your new year.

**Tim Votapka**  
VP and Director of Marketing



# THERE COULD BE BIG TREASURE FOR YOU IN EMPLOYEE RETENTION CREDIT

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## Setting Sights on an Effective Business Plan

written by Jim Kahrs

As we embark on 2023, I'm sure I'm not alone in hoping that we finally put COVID-19 in the rearview mirror. Its impact has been unprecedented. In 2022, we faced challenges with inflation, rising interest rates, supply chain issues, a shortage of employment candidates and general unrest.

Turning the page to a successful 2023 will require a new level of focus and a strong game plan in some key areas while also managing all aspects of the business.

When I ask business owners what their goals are for the new year, many of them put up the percentage of growth they expect from the previous year. This isn't surprising, as many people look to the recent past when setting future goals. While this is a good benchmark, I suggest looking back to 2019 for another comparison. For most companies, a true recovery from the pandemic will be indicated by a return to revenue at or above 2019 levels.

***Continued on page five.***

# Setting Sights on an Effective Business Plan

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continued from page four

Be sure to look at revenue categories individually, as I've found service revenue to be the best gauge of recovery. Equipment revenue, while critical to the business model, can easily be skewed by large deals or supply chain issues. I've found it helpful to analyze equipment revenue by recalculating what it should have been if the equipment was available as sold. This is a simple recast that moves the revenue to the time the equipment should have been delivered and invoiced.

Of course, this is an offline exercise; I don't suggest making these changes in your live system. But this recast will give you a much better idea of how well your business is recovering from the pandemic as it will remove artificial rises and drops caused by supply chain timing.

The next step is to set specific goals for 2023. We do this by creating a budget with expectations set out for all revenues, costs of goods sold, expenses and net income. It's most easily done by mirroring your income statement, ensuring that you consider all financial accounts in the business. The process involves setting specific targets for each general ledger account in your income statement.

Going through this process often proves to be eye opening, as it requires you to look closely at each individual account with greater scrutiny. You'll uncover past expenses of which you weren't aware. This budget becomes the road map and 2023 scorecard for the business, and is one of the most important management tools a business owner can employ. This is magnified by the desire to truly bring the business beyond the effects of the pandemic.

Most manufacturers told us that their supply chain issues should be solved by the end of 2022. It would be great if this turns out to be the case. However, I suggest planning for ongoing issues. The underlying causes aren't completely handled; we're still seeing COVID lockdowns in China, the U.S. narrowly escaped a railway strike and finding qualified employees is still a challenge.

If you have strategies in place to bridge the gap of equipment shortages, don't abandon them just yet. For example, it may prove helpful to have a good supply of used equipment or to create/continue programs to release units to customers when new units aren't available. And they won't cause any harm if the supply chain issues truly are behind us. At the end of the day, the key is to have plans in place that allow you to have control of your customer base and not be at the mercy of a supplier or leasing company for your success.

When speaking with dealership owners and managers throughout 2022, their biggest concern was the inability to find and hire qualified employees. This isn't a problem unique to our industry. Restaurants are cutting operating hours for the lack of servers, hotels aren't able to find housekeepers and front desk help, and New York State has resorted to advertising for snowplow drivers on programmable street signs. Combined with unemployment rates below 4%, this is a recipe for continued struggles.

Building your business will require stronger and more creative recruiting plans. You'll need to use all avenues available—advertising, recruiters, employee referrals, personal contact, etc. Today's market also requires a nimble approach, and the hiring process needs to move more quickly. But don't mistake this for a reason to shortcut the process. Moving quickly doesn't mean cutting out steps. Properly vetting candidates through your interview and evaluation has a renewed importance, so the full process must remain in place. But if your process takes a couple of weeks to complete, you run the risk of losing good candidates to more aggressive employers.

Unless you've been living under a rock, you're aware of the shift to subscription-based product and service sales. I expect this trend to continue to grow.

*Continued on page six*

# Effective Business Plan

Continued from page five



If you haven't embraced this model and begun to navigate its impact on your business model, I suggest you make 2023 the year to start. Whether it's hardware-as-a-service, subscription-based service or software agreements, or managed service offerings, there will be challenges to making the shift.

When you put off learning how to implement these strategies successfully, you could see significant consequences. You'll need to understand how to sell and price these programs, how to commission salespeople and how to manage overall profitability. Starting small will provide a valuable education that can pay big dividends in the future, allowing you to make mistakes when the stakes aren't at their highest.

The final area I want to touch on relates to the government stimulus programs, particularly the Employee Retention Credit program. Many companies qualify but haven't bothered to investigate the program. However, it's not too late. Those that qualify can expect credits in the tens if not hundreds of thousands of dollars. Yes, you read that correctly. We just ran numbers for a dealership in the Midwest, and the company qualified for these credits for one quarter in 2021 and will be receiving a refund from the IRS for \$169,731.

As the old saying goes, no one plans to fail, but some fail to plan. Success rarely happens by accident. It requires strong strategic plans and stronger execution. I wish you a successful and prosperous 2023. As always, if there is anything I can help with, don't hesitate to reach out.

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# Planning and Targets

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written by L. Ron Hubbard



## PLANS ARE NOT TARGETS

All manner of plans can be drawn and can be okayed. But this does not authorize their execution. They are just plans. When and how they will be done and by whom has not been established, scheduled or authorized

This is why planning sometimes gets a bad name.

You could *plan* to make a million dollars but if when, how and who were not set as targets of different types, it just wouldn't happen.

A brilliant plan is drawn as to *how* to convert Boston Harbor into a fuel tanker area. It could be on drawings with everything perfectly placed. One could even have models of it. Ten years go by and it has not been started much less completed. You have seen such plans. World's fairs are full of them.

One could also have a plan which was targeted - who, when, how - and if the targets were poor or unreal, it would never be completed.

One can also have a plan which had no **CONDITIONAL TARGET** ahead of it and so no one really wanted it and it served no purpose really. It is unlikely it would ever be finished. Such a thing existed in Corfu. It was a half-completed Greek theater which had just been left that way. No one had asked the inhabitants if they wanted it or if it was needed. So even though very well planned and even partially targeted and half-completed, there it is - half-finished. And has remained that way.

A plan, by which is meant the drawing or scale modeling of some area, project or thing, is of course a vital necessity in any construction and construction fails without it. It can even be okayed *as a plan*.

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# Planning and Targets

continued from page seven

But if it was not the result of findings of a conditional target (a survey of what's needed or feasible) it will be useless or won't fit in. And if no funds are allocated to it and no one is ordered to do it and if no scheduling of doing it exists, then, on each separate count it won't ever be done.

One can define *planning* as the overall target system wherein all targets of all types are set. That would be *complete planning*.

## COMPLETE PLANNING

To get a complete plan okayed one would have to show it as:

- a. A result of a conditional target (survey of what's wanted and needed),
- b. The details of the thing itself, meaning a picture of it or its scope plus the ease or difficulty in doing it and with what persons or materials,
- c. Classification of it as vital or simply useful,
- d. The primary targets of it showing the organization needed to do it,
- e. The operating targets showing its scheduling (even if scheduled not with dates but days or weeks) and dovetailing with other actions,
- f. Its cost and whether or not it will pay for itself or can be afforded or how much money it will make.

Complete planning would have to include the targets and the plan of the thing. Thus, by redefining words and assigning labels to target types we can get a better grip on this. A plan would be the design of the thing itself. Complete planning would be all the targets plus the design.

Thus we see why some things don't come off at all and why they often don't get completed even when planned. The plan is not put forward in its target framework and so is unreal or doesn't get done.

Also it's a great way to lose or waste money. Sometimes a conditional target fails to ask what obstacles or opposition would be encountered or what skills are available and so can go off the rails in that fashion.

The whole subject of plans, targets and target types is new in the realm of analyzed thought.

It is a subject to "get the feel of" and "learn to think concerning" rather than a fully "canned" subject.

But if these points are grasped, then one sees the scope of the subject and can become quite brilliant and achieve things hitherto out of reach or never thought of before.



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