



The Next Level - Getting *There* From *Here* **By Monte Zwang**

Is this the year you want to take your business to the “next level”?

Many business owners have their eyes on the “next level”, but they don’t know what that is or how to get there. It’s important to know that the “next level” means different things to different people and there is no standardized definition of its meaning. Step one of defining the “next level” is first defining the vitality of your business.

The Know is in the Now

Think about your business as it is right now - what is working? What needs to change? What would you never change? Take time and take a hard look at your sales volume, profitability, gross margin on sales, essentially take a good look at all your financial figures including how you are viewed by prospective lenders and investors. Before you can move to the “next level”, you need to first define your current level.

The Foundation is Financial

If the next level means gaining control of your company’s finances, you will need systems and tools to control costs, manage profitability and anticipate cash flow issues. Once a business is profitable, growing (increasing the sales volume) requires an operational plan, marketing plan and financial plan. This growth could require a change in management, production procedures and additional sales staff. Almost certainly, this move to the next level will require money, and as the potential borrower it is up to you to know how much money you need and when you will need it.

The Cost of Risk

Finding money (either borrowed or invested) you can use for growth is available if a feasible plan is submitted to a lender; even mom or your wealthy uncle need to understand the risk of lending you money. Lenders require the balance sheet of a business meets specific criteria. It is important you understand what positive equity is, and be prepared to show an increasing level on your year-end balance sheets. Lenders require positive equity; they also require that certain ratios (current ratio and debt-to-equity ratio) are in line. Lenders are willing to take risks, but the amount of risk is proportional to the cost of money.

The Next Step to the Next Level: Take an Operational Review

How does your business operate, and how is it managed? Do you manage your business to *anticipate* change or do you manage your business by *reaction*? These questions require that you look at your business as a machine that produces things. There is a process, a flow that starts at one end and moves through a system until it is delivered to the customer. If certain parts of the machine operate more efficiently than others, the team needs to fix the inefficiencies so all portions keep up with the standard. The next level could require making sure all aspects of the business (sales, production and administration) work efficiently and in harmony with each other. Once the product or service is delivered to the customer, the customer needs to be billed and the money needs to be collected in a timely manner. This is as important a part of the operational system as the manufacturing of the product.

From Vitality to Vision

If you are going to get “there”, you need to know exactly where “there” is - be clear and specific. General statements such as “improve customer service” don’t work. Define your business goals. For example: *orders are turned around and shipped to the customer within three hours of the time orders are received, or, contact customers to insure orders were filled correctly and received within 24 hours of the scheduled product delivery.* Goals like this clearly define the next level, and can be clearly communicated to your team. A good way to increase teamwork is to invite the participation of your team to define operational goals and standards. Giving your employees incentive (financial and otherwise) if these goals are achieved creates a positive work environment and helps move your company to the next level.

Arriving at the Next Level

Arriving at the “next level” requires you to be actively involved with the day-to-day operation of your company. Sound financial planning, adequate financing, a marketing plan and efficient operation must all work in tandem to propel your business forward. It is not an impossible task; however it does require clarity, focus, teamwork and communication. The next level is nothing more than defining where you want your business to go and setting a plan to get there. What’s stopping you?

Monte Zwang is a principal of Wellness Capital Management, providing cash flow and financial strategies to businesses in the wellness industry. Monte has been a consultant for more than 25 years, teaching entrepreneurs and company leaders in health care, real estate, food and beverage, day spa, resorts and hotels, and retail industries the strategies of cash flow management. For more information visit: www.WellnessCapital.com



Monte Zwang is a principal of Wellness Capital Management, providing cash flow and financial strategies to businesses in the wellness industry including medical practices, wellness practitioners and spas. Monte has been a consultant for more than 25 years, teaching business planning and cash flow management. Zwang negotiates sales, acquisitions and merger transactions. He is active in the Day Spa and International Medical Spa Association and spearheads their research projects. A graduate of Denver University Daniels School of Business, Zwang has been honored by Seattle Magazine as a Five Star Best in Client Satisfaction Wealth Manager for 2009 and 2010. For more information visit: www.WellnessCapital.com