

# The Handbook for Business, the Bible

## #12: Be diligent to know the state of your flocks

I asked a struggling business owner how things were going and if he was making any money.

His reply was astounding: *"I don't know, the accountant hasn't finished our tax yet"*

He was waiting on tax figures, long after June 30, to see how things were going!

Daily, he was basing his decisions on the bank account balance & book debts (\$ to come in).

**BUT these figures & the tax returns are useless for management purposes:**

Consequently, he had no real idea how his business was really performing, meaning he was set up for poor decision-making; the risk of mis-allocating resources...and potential failure.

His model, like so many, was based on "hard work, hoping everything turns out for the best"

*"Be thou diligent to know the state of thy flocks and attend to thy herds"* - Proverbs 27:23

Today's flocks & herds = a business, your business, managed properly by a worthy steward

In **Luke 15:4** Jesus tells of a man diligently attending his flock of 100 sheep; when one went missing, he knew immediately and was able to take action to find it.

**My counsel: Calculate the single most critical management number in your business:**

That is, your annual GROSS PROFIT target, made up of two variables, operating costs + your desired earnings (i.e., profit over & above your wages); then break it down...

RETAILERS (buy-and-sell): Divide annual GP by days open for trade = DAILY GP target

SERVICE (invoice parts & labour): Divide by 52 to get WEEKLY GP target

**Then, convert the annual GROSS PROFIT \$\$ target into NUMBER of UNITS to be sold:**

RETAILERS: On average, how many widgets must be sold for the year and PER DAY

SERVICE: How many labour hours must be sold for the year and PER WEEK

**YOU can be planning these numbers NOW as targets for your post-virus business model:**

- \* And do some "what-if" scenarios with the products or services you offer
- \* Such a simple system will provide immediate feedback on the state of operations.

**Then, using this timely information, put your manager's hat on:**

- \* Did we achieve the 16 sales yesterday?
- \* Did we sell those 39 hours last week?
- \* If not, why not?
- \* Are we on target year-to-date? If not, why not?

***My counsel to managers of the Master's business: plan for and constantly know the state of your (His) flocks!***