

## Tips to End the Year

12/03/07

The end of the year is coming up fast. We've had a good year, business wise, but haven't been as good as we could be at keeping our records up to date. Any suggestions on actions we should take before year end?

This company is located in Danbury, Ct. and delivers a variety of services to corporate clients. Like many business owners, they tend to be better at doing their work, not quite so good at keeping track of things. That can make things a bit hectic when it comes to year end planning and wrap up. Here are a few suggestions on where to focus time and effort.

December is transition time, shifting from how well your company played the game in 2007, to how it's going to win in 2008. Start with a wrap up of the year. Print out some reports. Forecast 2008. Talk to your accountant about tax liabilities. Decide on whether you need to advance pay expenses, to help with cash flow and tax planning. Consider charitable contributions and distributions to retirement plans. Plan out what you expect to pay in employee bonuses. Look at 2008 initiatives that you want to get underway now.

Print out the P&L and Balance Sheets, through November, compared to 2006. Note whether you're up or down. Forecast December and add that to 2007 results to get a complete year's

comparison. Make notes on what went right, and what you want to fix in 2008. Run some ratios, comparing expenses and profits to income, and income to employee (full time equivalent, or FTE is the most accurate measure) for last year and this year.

Look over the number of clients you took on in 2007, and set a goal for 2008 in terms of income, profit and number of clients. Review expenses and make notes on where you expect expenses to go up or down in 2008. Put together a budget for the year, and check to be sure that it comes out with your desired level of gross and net profit.

Set additional business goals for 2008. Include in your goals the amount you want to have in reserves, number of employees you expect to have by the end of next year, and milestones you want the company to hit. If you don't have at least 3 months of funds in savings, work out a plan to get there by setting aside money weekly. Decide who will do the reporting, how often, and how you will be involved in analyzing the data.

Ask your accountant to review your tax position before the end of the year. If you owe taxes, make sure you are paid up to the level necessary. Also be sure you have the funds on hand that you will need to pay for your business

and personal taxes in the spring. Get your accountant's advice on how you've done this year, vs. 2006, and what you'll need to do to show improvement in 2008.

Discuss with your accountant expenses you are planning to make in the first half of 2008. If you're showing a profit in 2007, discuss whether you should make advance purchases or pay down debt before the end of the year. If you are planning on borrowing in 2008, be sure you are showing enough of a profit in 2007 to make a bank confident about lending to your business. If your company has inventory, talk with your accountant about writing off old, perished, lost and damaged goods. Do the same thing for equipment that needs to be repaired or upgraded.

If you expect to have money left over at the end of the year, consider making charitable contributions. Make distributions to retirement plans. If you don't have retirement plans set up, maybe this is the year to start. You have until April 15 to put money into your personal IRA; you can fund it now if you have the cash available.

Year end is also a time when many business owners hand out employee bonuses. If you have made a profit during the year, rewarding employees who helped your company to be profitable is a good thing to do. If you don't have enough profit to hand out

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bonuses at year end, you probably want to let employees know you appreciate their work, and will deal with distributions in the New Year.

Also look at the list of initiatives you want to get off the ground in 2008, such as marketing, software, staff and office enhancements. Commit excess funds now through advance purchase, put the funds into savings for next year, or put the expenses into the 2008 budget so you know when the money will be available. Use December to wrap up and reposition for a great 2008.

Looking for a good book? Try *The Fast Forward MBA in Business Planning for Growth* by Philip Walcoff.

*Business owners regularly turn to Ask Andi and Strategy Leaders for advice on how to grow profitable, successful companies. They find what they need time after time. Specific advice is available at [www.AskAndiBlog.com](http://www.AskAndiBlog.com). Ask Andi is also published weekly in the Westchester and Fairfield County Business Journals and Hudson Valley Business. Written by Strategy Leaders President, Andi Gray, the Ask Andi column is a rich source of advice for owners of established, privately held businesses.*

*If you are a business owner and you have a question or would like to discuss some aspect of your business, call [1.877.238.3535](tel:18772383535) or send an email to [AskAndi@StrategyLeaders.com](mailto:AskAndi@StrategyLeaders.com).*

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