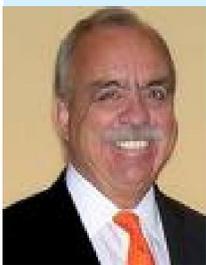




Business summaries.com

About the Author



George Cloutier, a magna cum laude graduate of Harvard College and Harvard

Business School, founded American Management Services in 1986. The firm specializes in financial turnarounds and profit development for small and mid-sized companies across the nation.

Cloutier, using just \$42,000 in seed capital, built his company into an organization of over 150 employees, and tens of millions in annual revenue. Cloutier and American Management have worked with 6000 clients in 400 industries and have implemented over One Billion dollars in profits and savings. American Management Services has brought hundreds of businesses back from the brink of bankruptcy to top tier profitability.

Profits Aren't Everything, They're the Only Thing

By: George Cloutier, Harper Collins Books, 2009

Business owners need a reality check. As the economy flattens and businesses struggle to stay afloat, Profits Aren't Everything,

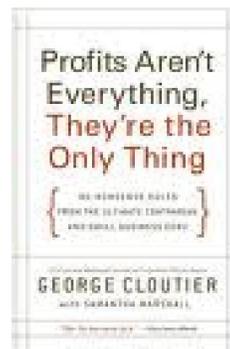
They're the Only Thing is a wake-up call for the 23 million small businesses across America who need to get their business fundamentals in order.

George Cloutier reveals what Main Street may not want to hear at first but will thank him in the end. Among his controversial yet time-tested ideas:

- Forget teamwork

- Micromanage like crazy
- Pay raises are over
- Fear is the best motivator

• If your business fails during a recession, it's YOUR fault

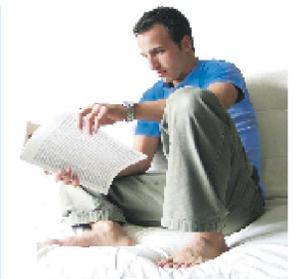


Despite his in-your-face message, Cloutier is a charming figure who's earned the right to give such candid

advice through years of hard work and tremendous success with his own business. His book is as fun as it is wise, and as instructive as it is inspiring.

What's Inside:

Why you need this book? The Profit Rules (1 to 15)





The Nutshell

WHY YOU NEED THIS BOOK?

This book is for those who want to work harder, faster, and smarter than the rest. Success is sweet but how successful you become is up to you. This is what this book is all about.

PROFIT RULE 1: PROFITS AREN'T EVERYTHING, THEY'RE THE ONLY THING!

Many of the solutions are probably staring you in the face right now. Finding them is a matter of reordering your priorities and facing the truth about your financials. Be honest with yourself. There are plenty of simple steps to get cash that you are not taking. Small businesses always have way too many outstanding bills on their books; too many customers who have yet to pony up.

It's the most obvious way to get the cash flowing again, and it is always amazing how reluctant business owners are to ask their customers for the money they owed to them.

Admit it, whatever reason why you think you started your own business, it is all about the money.

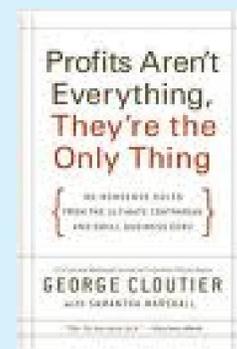
Don't measure success by how many employees you have, how much you contribute to your local church, how big a boat you own, or even what your sales are. When it comes to determining the true health of a business, those aren't the measures that count.

PROFIT RULE 2: END DENIAL

Remember when you were a kid and sat at the dinner table, shoving peas around the plate with your fork? You ate the meatloaf, the mashed potatoes and the gravy, and put off the green stuff until the end, when they were cold and congealed. You couldn't face eating them, because there was nothing else on the plate to make them more palatable.

That's what business owners do daily. Each of us gets up every morning with several things we don't want to do. If there's a difficult task on your to do list that you've been putting off, do it first and do it now. Are three out of ten employees failing miserably? Fire them! Is your biggest problem that you need a new banking institution? Don't waste time shooting the breeze with clients. Make the

About the Book



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calls and find the bank with the best loan terms. Such it up and do it!

PROFIT RULE 3: FORGET SWEAT EQUITY

The term sweat equity applies more appropriately to venture capital situations with outside investors who put millions at risk on your plan. In these situations, paying yourself less than your market value is okay for a while, but don't make it a cause celeb. In most cases, the venture capitalists demand much, but they aren't investing their own money.

Instead of investing sweat equity, focus on fixing your business model. It doesn't matter if you own a restaurant, a construction company or a limo service. Lack of sales or quality controls, bloated overhead, and other financial woes are the real reasons you're not taking a salary. Shame on you, then, not on your employees, for failing to make sufficient profits.

Paying yourself is not just a way of keeping check on the health of the business. You have a duty to yourself. You're the one who signs the checks on the front, takes all the risks, lies awake at night, so you should be the first to sign the check on the back.

PROFIT RULE 4: LOVE YOUR BUSINESS MORE THAN YOUR FAMILY

If you want your small business to excel, you've only got seven days a week to make it happen. Use that time wisely. Remember, while your competitors are at the BBQ, fishing up at the

lake, or attending their kid's softball games, you are putting in the hours necessary to build the business and make profits. When you started your business, that's what you signed on for. Don't fall off the path now. When your company starts flourishing and operations are running smoothly, you'll have even more reason to praise God or spend quality time with your family.

PROFIT RULE 5: THE BEST FAMILY BUSINESS HAS ONE MEMBER

Most problems in family businesses are caused by the incompetence of family members. There's never enough money to go around because the owner is paying people who shouldn't be there, and in small companies there simply isn't that kind of room for risks.

You don't want to put your son-in-law or niece in charge of production because: A) They don't really want to do it, whatever they tell you; B) They probably have no clue; or, C) They've been doing it for ten years and they STILL have no clue. Why take a chance on a family member without the experience and dedication? You are taking a huge gamble.

Paying yourself is not just a way of keeping check on the health of the business. You have a duty to yourself.



“Delegate, but verify.”

PROFIT RULE 6: DELEGATE, DON'T ABDICATE

Business owners may think delegation alone is going to lighten their load, but it ultimately creates more work when they have to look under the hood and fix all the damage done while their back were turned. Like Ronald Reagan always used to say during the Cold War, “Trust, but verify.” At American Management Services, we always say, “Delegate, but verify.”

PROFIT RULE 7: LIVE AND DIE BY A REAL PLAN

Owners always say they have a financial and operating plan, but few do. Most of these are on the back of an envelope or gathering dust in the bottom drawer, never to see the light of day again. Some owners say they have one in their head, but it only serves to clutter their brain. Most of these plans are never reviewed or modified, and changes are rarely implemented.

It's all about discipline. You've got to hold yourself accountable for profits and adjust costs daily, weekly, and monthly. You'd be amazed at how easily you can adapt and adjust to minor trims along the way. NO cost in business is truly fixed. There's plenty you can learn to live without.

PROFIT RULE 8: PAY FOR PERFORMANCE

Pay for performance doesn't just mean an employee gets paid more for doing well. This is not just an entitlement. You've must be willing to slap workers on the side of the head, or on the wallet, if they fail to perform assigned tasks in a timely manner. This is controversial. Many so-called management gurus insist that punishing underperformance is de-motivating, and that pay for performance should only entail a positive reward. Most business owners get squeamish about negative reinforcement. But if your check is lower on Friday, you'll be darn sure won't make the same mistake next week.

You have to be willing to set up a system that penalizes failure to perform. It's critical to the success of a pay for performance program.

PROFIT RULE 9: “I AM YOUR WORK GOD”

You've got to be a tyrant. Owning a small business isn't a popularity contest. You cannot be effective as the owner of a business unless you are feared and respected by your employees. There's no point in managing by the numbers or having a precise operational plan for profits unless you are willing to enforce, enforce, enforce.

Forget your likeability score. Let your employees fear and respect you first.



Don't put up with mediocrity at any level. Forget sensitivity. Be focused on your plan. If you're a serious business owner you were put here to make money and that's it. Anyone or anything that diminishes your goal must go, and quickly.

PROFIT RULE 10: YOU'RE NOT IN BUSINESS TO PAY YOUR VENDORS

You are not in business to pay your vendors. You are in business to make money and build your corporate and personal wealth, using all the resources available to you. Managing a company's outgoing and incoming cash flow is daily hand-to-hand combat. Every day, you're fighting to cover your costs. There never seems to be enough money on hand to make modest capital improvements, pay yourself a reasonable living wage, or cover payroll.

PROFIT RULE 11: IF FILING FOR BANKRUPTCY IS YOUR BEST OPTION, DO IT EARLY

It's a devastating choice to have to make, and the social stigma of filing often prevents business owners from taking this important and necessary step. They are waiting for their next big contract, expansion of their line of credit, or a private investor. They mistakenly believe the bank won't foreclose on them, the IRS won't seize their assets, and their creditors will stop suing or hounding them for payments. The next thing that happens is usually all of the above. The business fails, and you are looking at starting the rest of your life with nothing.

But if you file early enough, before your assets and cash flow run out and it becomes an act of sheer desperation, you will have a much better chance of achieving a successful bankruptcy. You will stay in business for many months and years as you rebuild profits and, most important, your own compensation.

PROFIT RULE 12: DON'T TREAT SALES LIKE YOUR MOTHER-IN-LAW

Just like your sales effort, you know you have to put up with her, but you'd rather not. You're unhappy when she comes, you got along fine without her, and you're thrilled when she leaves.

The same goes for sales. As far as you're concerned, your sales team just gets in the way when they're around. They're an afterthought. You believe if you have the right product, it will sell, because somehow you are the chosen one. God forbid you should have to get your hands dirty and go out there yourself. There is something a little distasteful about having to get out from behind your desk, roll your sleeves up, and shill.

PROFIT RULE 13: GIVE UP GOLF, RETREATS, OFF-SITES, AND TRADE SHOWS

No matter what industry you work in, golf requires a huge expenditure of a small business owner's time with little return on investment. Company retreats, seminars, and executive coaching classes can be just as bad as taking off a Tuesday afternoon for eighteen holes.



When you are off-site, you are not focused or setting priorities. That's what causes people to fail. A retreat is just a feel-good gesture in which everyone spends a day or two talking about the future and what they're going to get done – which of course never happens. It's another excuse not to work. Think about it. When you are on a retreat during the week, who's there to answer the phone?

If you feel the need for a company planning retreat, hold it in your back office after hours on a weekday, but don't leave the building.

PROFIT RULE 14: TEAMWORK IS VASTLY OVERRATED

Passing things off to your team is just an avoidance tactic. The business owner can say to himself or herself, "Oh my team is handling it." No. If your team isn't producing, it's on you.

The hardest thing for all business owners to do is look closely at their flaws. And if you refer to your employees as team members, you can bet no one will feel comfortable pointing out these weaknesses. It's far more comforting to be surrounded by a group of people who genuflect to the boss Monday through Friday than it is to establish authority and expect those who work for you to get their jobs done. That wouldn't happen in a company with a team culture, where employees duck and hide from accountability, finding safety in numbers. In these same businesses, incompetent bosses make themselves a part of the team, surrounding themselves with their top managers to avoid taking the reins and facing the truth.

But strong leaders know they are alone in this. That means you. If your business fails, you go with it. Let's be real. Your "team" won't suffer if you go under. They'll just go to work for the competition.

PROFIT RULE 15: IT'S NOT THE ECONOMY, STUPID, IT'S YOU!

The worst thing about a recession as severe as the current one is that it provides business owners an extra excuse for failure to perform their primary responsibility: making real profits. If you're at the point where you're not able to realize modest profits and pay yourself, it's probably because the recent years of unparalleled national prosperity put you in a coma.

You have a choice: Wake up or pull the plug.

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