



## A White Paper to Today's Business Owner

While most business owners and new entrepreneurs see today's economy as a challenge or even an outright threat, the professionals at ARC see it in the same light as the top American business entrepreneurs - a unique opportunity to enhance their profits by building on what made them great in the first place. If you are truly committed to gaining ground in this period of opportunity while others are running for the hills, do what your competition is not doing.

That is what differentiates The ARC Consulting Group, Inc. (ARC) from the rest of the pack. We work with your key people to create a portrait of the total company and show you how to **INCREASE PROFITS** while your competition is just cutting costs. We create a profit-focused business plan that is custom-designed to you and your business, your environment, your market. At ARC we understand that being unique is what makes you successful. Cookie-Cutter solutions are for the "also ran" companies. We look at each business as a unique opportunity to become the foremost provider of your specific product.

For the past 20 years, we at ARC have consistently sought unique solutions to companies in an ever-changing business environment. Like snowflakes, no two companies are alike. That is also what differentiates us from the pack – we have no allegiances to any "Solutions" vendor. We look for the environment that is right for you, not us.

If you strive to become one of America's best small and medium-sized businesses, now is the time to take action and maximize the return of your investment in **Economic, Intellectual and Human Capital**. Let's work together to capitalize on the synergy of your Total Capital Investment and take full advantage of today's new opportunities.

The following strategies are a great place to start. We developed these because "They're simple, they work, and they engage your Human Capital to exceed your expectations":

### Top 10 Business Strategies to Beat the Competition

1. Focus on the Windshield
2. Define your Product by What You Do
3. Drive your Invested Human Capital to See "What Could Be"
4. Continually Invest in Your Human Capital
5. Understand your "Customer Profitability"
6. Do it Right the First Time
7. Make the Person that can Affect the Change Feel the Pain
8. Understand what Drives your Business Processes
9. Outsource to Increase ROIC
10. Make the Decision

1. **Focus on the Windshield** – Know where you’re going. Understand how the events of the past are driving your company into the future. Companies that devote time to projecting their cash flow are more likely to have cash to spend when they need it. Understand what you did, but focus intensely on profit-generating activities that will get you where you want to be. In a difficult economic environment, it’s critical for business owners and key personnel to spend as little time as possible looking at what happened last month - instead, know what is coming. The question is simple – Do want to drive down the Interstate of Business at 75MPH looking in the Rearview Mirror? We help you see out of the windshield. We take your past practices and show you various scenarios of what a change in in your business model can have on future profits.
  - a. **The ARC Difference** – We are CPA’s as well as consultants. We see the financial reporting process as two sided. The mandatory GAAP reporting for banks and investors, and the real world reporting to give process owners on understanding of where they have been AND where they are heading! We believe that operational managers build our profits; it is the finance-group’s responsibility to give them decision-support information in their language. We keep your managers looking through the windshield. ,
  
2. **Define your Product by What you Do** – Companies incur cost by what they do. They generate revenues by what they sell. There are always to products associated with any process, what we created, and what the user purchased. In order to understand the cost of production, you need to document your processes. For each process, ask “Why do I do this?” If you can’t find a reason, maybe you shouldn’t do it. We apply the concepts of Activity-Based Management to maximize your return in the Economic, Intellectual and Human Capital employed in your business.
  - a. **The ARC Difference** – We look at all processes as producing an output or product. We look at the production of an output as a cost, and the use of the output as a revenue-generating product. Our unique understanding of this relationship allows us to ensure that all Costs drive profits. By managing the output, we contain the costs. This means more profits!
  
3. **Drive your Invested Human Capital to see “What Could Be”** – Drive your people to continually innovate. But ensure they understand the impact of the innovation. Some ideas are great at face value, but the required investment of cash far outweighs the potential return. At ARC, we teach every process owner how to project the “Profit Potential” of his or her ideas. By understanding the “Time Value of Money” process owners make profit-focused recommendations As the economy continues to change, your company will have a greater ability to redirect your Invested Capital toward those opportunities that make good business sense.
  - a. **The ARC Difference** – We teach you operations managers to use simple Excel applications to project the benefit of capital investments. We believe that the finance group provides information to operations. Operations needs to know how to use it. Our unique process combines education and communications to make process owners investment analysts.

4. **.Continually Invest in Your Human Capital** – Educated and motivated employees have a tremendous impact on your company’s success and profitability – and even more so in slow periods. Companies tend to stop managing their investment in their Human Capital, they “Disrecruit” people” and cut training in order to “Cut Costs. That is like saying “Lets go to war with a smaller army who is stupid!” Your people are your product. Never forget to invest in them. They are your company.
  - a. **The ARC Difference** – ARC combines the benefits of our consulting “Know-How” with our professional development expertise. Our professionals can provide your employees the training your company needs to maximize the return from your investment in them. We can give them the essential tools that will give your company the competitive advantage you need.
  
5. **4. Understand your “Customer Profitability.”** - Not all business is good business. Our research shows that 70% of a company’s customer base provides 130% of their current profitability. By identifying the activities you perform “gratis” for some customers that are “over and above” what you would typically provide, you can identify those customers who may be sapping your profits. Identify the costs corresponding to the “extra” activities (additional time, special packaging, free shipping) and subtract them from your “typical by-product profitability. Are you still making money? If not, you may be better off without the special customer, or tell them you need to charge them for the service.
  - a. **The ARC Difference** – ARC has over 20 years of hands-on Activity-Based Cost System experience. We have the tools and the framework to quickly identify the profit leaks, and show you how to bring those “special” customers into the Profit fold.
  
6. **Do it Right the First Time** – There are two ways to do anything, the right way---and again. Doing it again only adds cost. The analysis of your key processes, identifying “What could go wrong?” is the heart of effectiveness and efficiency in any business process. In addition, by investing in effective controls, you significantly reduce cost of the process, the potential for employee theft and other forms of business fraud. Your understanding of the control process can send a strong message to all employees, doing it right is important.
  - a. **The ARC Difference** – We are internal control specialists. As audit and project management professionals, we understand how to design and implement cost-effective and efficient controls to raise the potential of doing it right the first time.
  
7. **Make the Person that can Affect the Change Feel the Pain** – Developing processes and then handing them over to some else to perform just plain does not work. The reason is the “Process Owner” has not ownership of the new process. To truly affect change, tie the Process Owner’s compensation, reward, parking space, something to the new process, environment or product. At the same time, allow them input into the redesign of the process.
  - a. **The ARC Difference** – We involve the Process Owner in every aspect of our work. As part of the ARC Nine-Step Consulting Framework, we continually structure our work process by involving all levels of the organization personnel in the development of the revised structure, environment or process.

8. **Understand what Drives your Business Processes** – Companies incur all expenses because an event occurred that made you perform an activity. This event is a ‘**Cost Driver.**’ For example, a customer return makes you do a lot of things you would not do if they liked the product in the first place. Companies do not make more money by working harder – they make more money by working differently.
  - a. **The ARC Difference** – We have over 250 years of combined process development experience. We identify the root cause of the issue and develop systemic solutions to your business profitability challenges. So, if the Cost Driver never occurs, the cash spent as a result of the subsequent activities now become PROFIT! We constantly ask what can be different. We never accept any process as fixed. By challenging
  
9. **Only Outsource to Increase ROIC** – Return on Invested Capital is a measure of the Business Profit divided by the Investment in the Business. It is a measure of how effective you are at converting assets into earnings. Outsourcing to professionals, at face value, is always more expensive than doing it yourself. After all, you are paying for someone else’s profit. However, if it takes you 12 hours, and the professionals 2 hours, where is the savings? When attempting to tackle activities outside of your comfort zone, always ask, “Is this what I do best?”; “Is this the best use of my time?” . Look at every hour as an investment in your Return.
  - a. **The ARC Difference** – We believe that imparting our knowledge on the client’s staff is part of our job. Unlike your accounting firm, we do not see you as an annuity. Our goal is to continually work ourselves out of our current client base. We see our training responsibilities as important as our consulting responsibilities. ARC has a long list of clients that, quite simply, don’t need us anymore. We are proud of that.
  
10. **Make the Decision** – There is an old children’s riddle that goes as follows: Five frogs are on a log. Four decide to jump off. How many are left? The answer is five. Because deciding to jump off the log is not jumping off the log. Once you make a decision to change – Do It! The worst disease a business owner can contract is Paralysis by Analysis. There is always another scenario. There is always another option. You do not enhance your profits by deciding, you enhance profits by doing.
  - a. **The ARC Difference** – We are specialists in business modeling and forecasting. WE can work with your staff to show them how to build the decision-support models that are interactive with the decision-makers. We build “What-If” scenarios into every tactical and strategic model to allow the process owner the ability to “see” the impact of alternative assumption sets.

**ARC is here to help.**

For more information on how ARC Range of Services can help your business gain a solid economic advantage, visit our website at : [www.arconsultinggroup.com](http://www.arconsultinggroup.com), call Rick Balog, CPA weekdays between 7 a.m. and 6 p.m. ET, at 904-268-1148, or email me at [Rick@arconsultinggroup.com](mailto:Rick@arconsultinggroup.com) for a **no-charge evaluation** of your profitability challenge. We can help!