Sage 50 Accounting— U.S. Edition

What are you growing?

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Like most business owners, growth is probably somewhere near the top of your list of goals. After all, conventional wisdom in the business world tends to reduce business decisions to an endless series of binary choices—in this case, you either decide to grow or decide to die—right?

Wrong.

Not all growth is good.

For a useful analogy, just look to your favorite gardener. He doesn't want weeds growing in his garden; he wants only the vegetables and flowers to flourish. On top of being an inveterate weeder, he's ruthless about pruning to produce the best fruit. He knows that too many shoots on a single plant can consume excess resources and reduce the quality of the crop. His vigil over the growth in his garden is constant, painstaking work.

The same is true for business. You need to eliminate the weeds and be diligent about resources. You can choke the life (and the cash) out of a business by focusing on the wrong types of growth. For example, in expanding your product/service offering, you might end up taxing cash flow and diluting the product line you started with. Also, a heedless emphasis on maximizing growth can overwork key employees and burn them out. Many times, uninformed business owners discover too late that their fertile soil has become a patch of desert.

The fact is, business management, like soil management, is all about maintaining the proper balance.

Let's examine some common business growth decisions to see what accounts for the difference between cultivating an overgrown patch of weeds and a healthy crop.

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Focus	Weeds (bad growth)	Crop (healthy growth)
Revenue growth Goal: Increase revenues by X% over the previous year.	• **Negative cash flow** Grow revenues over the prior year by ignoring existing credit policies. Sell to customers who are unable to pay. • **Lower profit** Grow revenues by discounting items to move more volume, run out of stock. Avoid damaging your brand, lowering your margins, and permanently changing the perceived price point for your products.	• **Strong margins** Grow revenues by increasing prices on strong sellers or by changing the sales channel mix (sell more products at retail and fewer at wholesale). • **Higher profit** Replenish stock automatically when you run low so you reduce stock-outs, growing sales. When reliable customers view your product as one of the go-to, top-quality choices in the marketplace, your brand perception is enhanced.
Grow markets Goal: Expand existing sales channels.	• **Lower margins** By expanding into new, far-flung markets, you incur higher shipping, marketing, or sales costs that cannot be absorbed through higher prices. Not all markets are created equal—analyze costs before jumping into new ones.	• **Higher margins** Expand into new markets within the same geographical area and use existing resources without adding significantly to costs. Seek out more exclusive markets where you can control pricing more effectively.
Grow teams Goal: Add more staff.	• **Increased administrative costs** You feel compelled to add full time staff to compensate for poor management or existing inefficiencies. Consider using part-time staff to address short term backlogs.	• **Increased expertise** Add staff members who allow you to expand your offerings or increase the value of existing products or services. Consider starting the process by promoting your best sales person or service rep.

Okay, if your vision is to build a Fortune 500 company, revenue growth in the form of more customers might be your goal. However, growing revenues without managing receivables, cash flow, supply chains, and inventory can lead to dissatisfied customers and/or financial ruin. Alternatively, if you're looking to build a better life for your family, you might want to increase profits by selling fewer products or services at a higher margin.

Here's the point, either way: No matter what kind of garden you're trying to grow, you need clear insight into your financials, and that requires the tools offered with accounting software. Remember, accounting (and accounting software) isn't just for paying invoices or taxes. It's a system for understanding how your company is performing, for price analysis, for budgeting and projections, and even for borrowing money. The truth is, controlling the success of your business depends on controlling your finances.

Now take note in the chart above: A firm grasp of margins, costs, sales, and inventory form the basis of decisions that lead to healthy (as opposed to unhealthy and possibly dangerous) business growth.

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You can take control of your growth with Sage 50!

Are you ready to understand how much money your company is really making? Do you need to get a better handle on inventory? Are you looking for clearer financial insights to make better decisions about projects, relationships, and business opportunities?

Sage 50 is the tool you need. It can help you take control of your business with accurate, relevant information that gives you the clear financial perspective you need to succeed. Plus, with a range of products to choose from—including industry-specific functionality for distribution, manufacturing, and construction—Sage 50 has a solution that fits your needs today and can grow with you as your business changes.

In fact, Sage 50 is much more than accounting software. It provides access to a multitude of related products and services that help meet all of a small business's accounting and financial management needs, such as payroll solutions and integrated credit card processing, as well as a wide range of third-party add-on solutions. In addition, Sage 50 is backed by unmatched technical support, in-product advice, and a strong network of certified consultants and partners to offer guidance.

The moral of the story? Managed growth is healthy growth. And healthy growth requires a powerful accounting and business management software solution from Sage 50.

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