

Taking Stock of Our Earned-income Assets

The second in a series of self-paced workbooks
for nonprofit entrepreneurs

Prepared by: _____

Date: _____

TAKING STOCK OF YOUR EARNED-INCOME ASSETS

This workbook is designed to help you take stock of all the various assets and resources you have to develop earned income¹. It is the second in a series of workbooks designed to help you determine if and how you should pursue earned-income development. The other workbooks include:

- Workbook 1: Exploring the Climate for Earned Income,
- Workbook 3: Identifying Worthwhile Earned-income Opportunities,
- Workbook 4: Conducting a Community Assessment of Your Earned-income Opportunities, and
- Workbook 5: Developing an Earned-income Strategy, Goals, and Action Plan.

You may not realize it yet, but you possess a wide variety of resources that can be applied to the earned-income development. Things such as...

- Your core competencies (page 2),
- Your people (page 5),
- Your office and facilities (page 6)
- Your vehicles, equipment, and materials (page 7),
- Your reputation and brands (page 8),
- Your key relationships with outside people and organizations (page 9),
- Your production capacity (page 10),
- Your products and services (page 11),
- Your best customers (page 15),
- Your planning capability (page 17),
- Your financial resources (page 18), and
- Your earned income management competencies and systems (page 19)

Individually and taken together, these assets can help you with your earned income in two fundamental ways:

1. They can support and provide resources for earned-income opportunities, and
2. They can actually be the source of the opportunity.

In the next several pages, you will be challenged to think of your organizational assets in these ways; to see them for the opportunity that they represent.

If you have any questions or suggestions, please email Andrew Horsnell at horsnell@hotmail.com and we will be happy to do what we can.

¹ In this workbook, we define earned income as money received (either from the user or a third party) in return for the provision of specific services or products. It includes (but is not limited to) user fees, contract revenues, product sales; it does not include donations and grants.

YOUR ORGANIZATIONAL CORE COMPETENCIES

Background

If you asked your clients what you do really well, what would they say?

The food pantries that a food bank serves might say: "They always have a good variety of nutritious food items on hand, help us determine what we need, and have our orders ready to go when we arrive to pick them up."

If you looked at all of your programs, products, and services, what underlying, enabling capabilities would you identify?

The staff of a food bank might say, "Collecting the local food industry's excess inventory, warehousing it efficiently and with minimal waste, educating clients about good nutrition and food management, and providing excellent order turnaround."

The answer to these questions - as evidenced by the above examples - would give you two different, yet complementary insights into your core competencies.

Definition and guidelines

Core competencies are those underlying, programmatic capabilities that enable you to provide quality products and services to your clients.

Four guidelines for identifying core competencies include²:

1. They generally support the delivery and production of a variety of services and products (thereby giving access to a variety of markets),
2. They always make a significant contribution to your clients' perception of your services and products (i.e. they impact something that your client cares about),
3. They are often difficult for your competition to imitate (because they are generally developed with a significant investment of time and resources), and
4. They tend to be relatively stable over time (i.e. you've likely had them for a while, and will continue to have them in the future).

So what?

What do core competencies have to do with earned-income development? Core competencies serve two fundamental purposes:

1. They are an excellent source of ideas for new services and products.
The core competencies that are the foundation of your current products and services can provide the basis for a myriad of new ideas, some of which might have earned-income potential. In Workbook Three, you'll see how you can use your core competencies to identify new product and service ideas.
2. They help you assess the likely viability of your product and service ideas.
They represent what you're really good at, what your clients value, and what your competition would likely have trouble imitating. In Workbook Three, you'll see how you can use your core competencies to assess your opportunities.

² Attributed to: "The Core Competence of the Corporation," C.K. Prahalad and Gary Hamel. The Harvard Business Review, May-June 1990.

DEFINING YOUR CORE COMPETENCIES

Do you know what your organizational core competencies are? If so write them down on the following worksheet. If not, then please continue...

Instructions

Use the following worksheet to:

1. List out all of your individual products and services.
2. Identify the key features or benefits of each product and service that your clients really value.
3. Identify any other important benefits that might not be associated with a formal program or service.
4. Look for common themes - these will point to your core competencies.
5. Write down your draft list of core competencies.

Suggested approaches

You could try the following exercise by yourself, but you really should have direct client input. Your clients are in a much better position to identify those capabilities that have a fundamental impact on the services and products you provide. They are, after all, the people who actually use and benefit from your products and services.

One good way to get the kind of input you need is meet with six to ten of your clients and define your competencies as a focus group. Another good approach would be to survey your clients - either in person, or by phone, fax, or email - then work with a team of your staff to define your competencies. Even if you define your core competencies on your own, you can still make sure you get your clients' final confirmation.

DEFINING OUR CORE COMPETENCIES

5. Our core competencies are:



OUR PEOPLE

Background

Your staff play a vital role in determining what kinds of earned-income activities you can undertake, as well as the scale of those activities. This worksheet is intended to help you gather your thoughts regarding:

- How you are currently engaging your staff in earned-income activities,
 - How your earned-income staffing could change, given the right opportunity, and
 - Then, comment briefly on any conclusions you might have regarding the potential impact your staffing may have on your earned-income development.
-

1. How many staff FTE's (full-time equivalents) do we currently have? _____ FTE's

2. How many FTE's have we assigned to earned-income activities? _____ FTE's

Comments:

3. How many additional FTE's could we assign to a high-potential earned-income activity (i.e. an activity that could make a significant contribution to both our finances and our mission)? _____ FTE's

Comments:

4. What conclusions can we draw about the availability of staff to do the work of identifying, developing, and implementing new earned-income activities?

OUR OFFICE AND FACILITIES

Background

One earned-income asset that often gets overlooked is organizational space. So, in this worksheet, you will collect your thoughts about:

- How you are currently using your space for earned-income activities,
 - How your earned-income space could change, given the right opportunity, and
 - Any conclusions you might have regarding the potential impact of office and facilities on your earned-income development.
-

1. In our offices and facilities, how many square feet of space do we currently have?

_____ ft²

Comments:

2. How many square feet of space are we currently using for earned-income activities?

_____ ft²

Comments:

3. How many additional square feet of space could we assign to a high-potential earned-income activity (i.e. an activity that could make a significant contribution to both our finances and our mission)?

_____ ft²

Comments:

4. What conclusions can we draw about our facility's ability to support the growth of our earned-income activities?

HOW WELL EQUIPPED ARE WE FOR EARNED INCOME?

Background & instructions

Along with your staff and facilities, your vehicles, equipment and materials can be both a resource for existing opportunities as well as a source of new opportunities. Take a few minutes to list out all those major items - vehicles, supplies, computers, tools, etc. - that are now or could be used in the creation of earned income.

For each item, indicate the following:

- The quantity you own or to which you have access,
- Its key capacities (i.e. if it's a van, how big a van is it?),
- How it is now, or could be, used in the creation of earned income, and
- In how many years it will have to be replaced.

Item	Quantity	Capacities & capabilities	Remaining useful life (years)

OUR REPUTATION

Background

A reputation for leadership and recognizable brands can be defining assets for an organization. They can open doors to new opportunities - to launch new programs, products, and services - and maintain existing ones. Best of all, once established (within your community), they're yours; your competition will find it extremely hard - even illegal - to duplicate.

Instructions

In the worksheet below, please take a few minutes to think about the reputation and brands your organization possesses, within each identified geographic community. Then, comment briefly on any conclusions you might have regarding the potential impact of your reputation on your earned-income development.

	We are known as leaders in...	We have the following widely-known brands, logos, products, etc.	We are especially well-known by the following groups of people.
In our town/city...			
In our county...			
In our state...			
In our region...			
Nationally...			
Internationally...			

What conclusions can we draw about our reputation's impact on our earned income development?

WHO CAN HELP US DEVELOP OUR EARNED INCOME?

Background

Contrary to popular thought, most successful entrepreneurs are not loners. Just the opposite; they are collaborators who - while valuing their strengths - recognize their limitations and build lasting relationships with others who can help. As you're probably already aware, you can't do everything well, and you might not have all the resources you need to develop your earned income. Well, time to be an entrepreneur - a social entrepreneur - and start identifying and building your earned-income relationships!

Instructions

Please take a few minutes to list all people and organizations with whom you have a good working relationship. Next, identify all the ways they might be able to help you develop your earned income, by selecting the appropriate categories (refer to the key below), and writing in your brief comments. Finally, given your analysis, identify the strengths, weaknesses, opportunities, and threats that these relationships represent.

"Help" categories: M=Marketing our products or services P=Producing our products or services
L/R=Assisting with Legal or Regulatory issues \$=Financial assistance O=Other kind of help

Person or Organization	How they can help (circle all that apply)	Comments
	M P L/R \$ O	
	M P L/R \$ O	
	M P L/R \$ O	
	M P L/R \$ O	
	M P L/R \$ O	
	M P L/R \$ O	
	M P L/R \$ O	
	M P L/R \$ O	

What conclusions can we draw about the role of our business relationships in supporting the growth of our earned-income activities?

HOW MUCH MORE COULD WE PRODUCE?

Background

When you're thinking about growing your earned income, a good starting point is an analysis of your productive capacity. Areas where you have additional, or slack, capacity can more easily support new customer opportunities than areas where you're working at or beyond your capacity. This worksheet will help you get a better sense of both your current and potential capacity.

Instructions (the numbered instructions correspond to the numbered items below)

1. List each product or service you currently offer. Do not limit yourself just to those items from which you are currently generating earned income; list them all.
 2. Identify the unit of production for each product and service.
 3. Identify your current production level for each product and service. Use whatever timeframe is appropriate for you (e.g. daily, weekly, monthly, or annual production).
 4. For each product and service, estimate how much you could increase your current production levels with your current staff, equipment, and facilities.
 5. Write in the total available production for each item, by adding together your current production and your potential increase in production.

ANALYZING THE PROFITABILITY OF OUR PRODUCTS AND SERVICES

Background

While every program or service you offer should relate to your mission, not every one is going to be profitable. You probably have one or more programs that are critical to your mission, but will never make a profit. That's okay. You're offering those services to serve your community, not make money. However, the purpose of this workbook is to help you identify and develop those products and services that DO have the potential to make money. So...

One of the most important places to start when you're developing your earned income is the profitability - or earned financial contribution - of your current products and services. The power of understanding the profitability of your products and services is that it can quickly help you identify where to focus your earned-income development efforts.

For purposes of this worksheet, we are going to deal with **three levels of profitability**:

1. **Gross contribution** for each product or service = sales minus variable costs.
2. **Net contribution** for each product or service = gross contribution minus direct fixed costs. In other words, net contribution = sales minus both variable costs and direct fixed costs.
3. **Net earned income** for all products and services = the total net contribution of all products and services minus common, fixed costs.

(For more detailed definitions, please refer to "Definitions" on the following page.)

Each level of profitability has its own relevant time frame and application:

1. **Gross contribution, on its own, generally points to short-term earned-income opportunities.** If you need to make more money immediately, you should focus on your products' and services' gross contribution. In the short term, an increase in the sales of those products and services with the highest gross contribution will contribute more than an increase in the sales of products or services with the highest net contribution. Moreover, if you're looking to quickly improve the financial performance of a less profitable - or unprofitable - product or service, you should focus on improving that item's gross contribution. This can be done by decreasing your variable costs and/or by increasing your price. (Ironically, sometimes the best and quickest way to make more money overall is to lose less on your unprofitable products and services. Improving their gross contribution can do just that.)

Over the short term, you have relatively little control over your fixed costs, and should therefore use a profitability measure that doesn't factor these costs in.

2. **Net contribution generally points to medium- to long-term earned-income opportunities.** Beyond your short term, you should focus on those products and services with the highest net contribution. Given equal sales opportunities, over the

long term, the products and services with the highest net contribution will contribute the most to your bottom line. Moreover, if you want to improve the long-term profitability of a product or service, you should focus on improving its net contribution.

Over the medium- to long-term, you have increasing control over your direct fixed costs. Therefore, you want to use a profitability measure that factors these costs in. Net contribution is the ultimate measure of a product or service's profitability.

3. **Net earned income points to long-term organizational sustainability.** For the "big picture" long-term perspective, net earned income is the most useful figure, as it factors in the net contribution of all your products and services as well as their common fixed costs. While gross and net contribution can tell you, "How is this product doing?", net earned income will tell you, "How are all the products doing?"

From the preceding discussion, you can see how both gross and net contribution can be used to assess the relative profitability of your various products and services. With these measures, you can then make better decisions regarding on which products and services you should focus your limited time and resources.

Instructions

First, if you haven't already, familiarize yourself with the definitions on the following page. Then, proceed to the worksheet on page 14.

PROFITABILITY DEFINITIONS

Sales Sales is money earned from fees, contracts, etc. It does not include grants or donations.

Direct costs Direct costs exist only because of the existence of a product, and would disappear if the product itself disappeared. Direct costs can always be obviously and physically traced to a specific product or service. They can be either variable or fixed in nature (see below). **Direct costs are the only costs that should be used to determine the financial contribution of a specific product or service.**

Variable costs Variable costs are direct costs that vary in direct proportion to changes in the level of product or service activity. An example of a variable cost would be the fee you pay to contract staff every time they render a service to your clients. The more times they render the service, the higher the fee. All variable costs are, by definition, direct costs.

Fixed costs Fixed costs are costs that remain constant, regardless of the level of product or service activity. Such costs can be either direct or indirect (common). One example of a direct fixed cost would be the salaries paid to full-time staff, whose sole function is to produce or market a specific product. As long as the product exists, their salaries will remain stable, regardless of production levels. Another example of a direct fixed cost would be the cost for an advertisement for a specific service. The ad is placed because of the service, but the fee will remain stable regardless of the number of clients that ad generates.

Common (Indirect) costs Common costs are fixed costs (see "Fixed costs" above) that would exist regardless of whether a particular product or service existed. While a common cost - the salary of program manager who oversees all of the products and services - cannot be obviously and physically traced to a specific product or service, it can be traced to a group of products or services. Examples of common costs include the lease on a shared delivery vehicle, and a brochure featuring several products and services.

Contribution (Profit) A product's earned financial contribution is the money left over from the sale of a product after you have paid its direct costs (see "Direct costs" above). It can be either gross or net. **Gross contribution** is the money left after you have paid variable costs (see "Variable costs" above). **Net contribution** is the money left after all direct costs (fixed and variable).

Net Earned Income Net earned income is the total net contributions of all products and services, minus their combined common costs. Where there is only one product or service, that item's net contribution would be the net earned income. This is the figure with which the IRS is interested, as they will use it to calculate potential taxes.

ASSESSING THE PROFITABILITY OF OUR PRODUCTS & SERVICES

Instructions:

1. While you can complete this worksheet on your own, it is suggested that you sit down with your staff bookkeeper or accountant (if you have one), and work through it with them. If you do not have a staff bookkeeper or accountant, you may want to call upon the services of a CPA or even your board treasurer.
2. Select one simple product or service for which you are charging a fee, to do your initial analysis. A simple product would be one that doesn't share any costs with other products, and has a few, easily-identifiable direct costs.
3. Work through worksheet rows a. to n. with your chosen product. Present your analysis to one of your advisors, or a member of your management team for input. Make adjustments as necessary.
4. Complete the same analysis for your remaining products and services. Photocopy this page if necessary.
5. When you have done your profitability analysis on all of your individual products and services, complete the "Totals" column by adding up the figures from each of the product/service columns. For rows g. and n., you will need to do the same computation as you did for the individual products and services.
6. Complete rows o. through t. to calculate your net earned income for all products and services.
7. Rank your various products and services according to their respective gross and net margins.
8. There! You've got a strong basis to identify on which products and services you want to focus.

Our earned-income products and services...

Annual financial figures...							Totals
a.	Sales	\$	\$	\$	\$	\$	\$
	Less variable costs:						
b.	Variable payroll costs						
c.	Variable materials and supplies costs						
d.	Other variable costs:						
e.	Total variable costs (b + c + d)						
f.	Gross contribution from the each product or service (a - e)	\$	\$	\$	\$	\$	\$
g.	Gross contribution as a % of sales ($f \div a \times 100$)	%	%	%	%	%	%
	Less direct fixed costs:						
h.	Direct fixed payroll costs						
i.	Direct fixed materials and supplies costs						
j.	Marketing & promotional costs						
k.	Other direct, fixed costs:						
l.	Total direct fixed costs (h + i + j + k)						
m.	Net contribution from each product or service (f - l)	\$	\$	\$	\$	\$	\$
n.	Net contribution as a % of sales ($m \div a \times 100$)	%	%	%	%	%	%
	Indirect fixed costs that relate generally to all earned-income products and services:						
o.	Common payroll costs						
p.	Common material and supplies costs						
q.	Common marketing costs						
r.	Other common costs:						
s.	Total common fixed costs (o + p + q + r)						
t.	Net earned income from all products and services (n - s)						\$

RANKING OUR PRODUCTS AND SERVICES

Our earned-income products and services...

(See previous page for calculations)					
\$ Gross contribution (line f, previous page)					
Rank according to \$ gross contribution					
Gross contribution as a % of sales (line g, previous page)					
Rank according to gross contribution as a % of sales					
\$ Net contribution (line m, previous page)					
Rank according to \$ net contribution					
Net contribution as a % of sales (line n, previous page)					
Rank according to net contribution as a % of sales					

IDENTIFYING YOUR BEST EARNED INCOME CUSTOMERS

Background

Not all customers are created equal. Experience has shown that, generally, a minority of customers account for a majority of outcomes. This important minority are your "A" customers. They offer the best mix of sales, profitability, and alignment with your mission and capabilities. They drive your current business and - if you work with them - can help drive your future business growth. The power of this kind of analysis is that it can help you determine where to focus your limited time and resources.

Proceed to the next page to identify your best earned income customers.

IDENTIFYING YOUR BEST EARNED INCOME CUSTOMERS

Instructions (numbered instructions correspond to numbered columns on the worksheet)

1. In column "1", Write in the name of each organization that currently purchases your products or services. Then write in the name of each group of individual customers (e.g. young families, senior citizens, etc.). Please list only those customers or customer groups who actually pay you for your products or services.
 2. Rank your current customers according to the amount they currently purchase from you (i.e. the customer or customer group that buys the most from you would be ranked "1", the second largest "2", etc.)
 3. Rank your current customers according to their potential for sales growth.
 4. Rank your customers according to the profitability of the products and services they purchase (i.e. the customer who buys the most profitable products would be ranked "1"). It's highly recommended that you first complete the "Assessing the Profitability of Our Products and Services" worksheet first before attempting this ranking.
 5. Rank your customers according to their fit with your organization's vision and mission.
 6. Rank your customers according to their fit with your organization's core competencies and capabilities.
 7. Calculate the "Raw score" for each customer by totaling their rankings. For example, if a customer were ranked 1st, 2nd, 1st, 3rd, and 4th, then their raw score would be $1+2+1+3+4 = 11$. Remember: the lower the raw score, the better the customer.
 8. Using your customers' "raw scores" and your own good judgement, assign each customer an overall rank.

JUST HOW MUCH ARE WE WILLING TO INVEST IN RESEARCHING OUR EARNED-INCOME OPPORTUNITIES?

Background

When it comes to researching your earned-income opportunities, your most valuable asset is the time and active participation of your staff and board members, of the people who are actually going to make any new opportunities happen. Without it, your development efforts will be at a severe disadvantage. Participation is one good measure of commitment to the proposed development effort, and a great predictor of its future success.

Likewise, proper financing of your earned-income research efforts is essential. That said, "proper" financing does not have to mean huge a sum of money, especially if you're willing to do a lot of the work yourself.

Please take some time to confer with your staff and board members, to get a realistic estimate of the investment of time and money your organization is willing and able to make in your earned-income development.

	How many people?	For how many hours?	For how long?
Staff project leaders		____ per: week / month Comments:	____ weeks / months / years
Staff project team members		____ per: week / month Comments:	____ weeks / months / years
Board members		____ per: week / month Comments:	____ weeks / months / years
Other people		____ per: week / month Comments:	____ weeks / months / years

Money:

We are willing and able to invest the following to research our earned-income opportunities...

Lump sum \$ _____ and/or...

\$ _____ per week / month for _____ weeks / months.

HOW MUCH CAN WE INVEST IN OUR EARNED-INCOME OPPORTUNITIES?

Background

Suppose that you've done your research, and found a great new opportunity, one that will contribute financially and support your mission. How much are you willing and able to invest in developing it? The answer to this question will help define both whether and how you will proceed.

Instructions

Please take some time to outline both the financial resources you currently have or have access to. Then, identify how much of these total resources you would be willing and able to commit to developing a high-potential, relatively low-risk earned-income opportunity.

	Current total	Amount that we would be willing and able to invest in a high-potential earned-income opportunity
Our cash	\$	\$
Our short-term investments		
Our endowment		
Available line of credit		
Available bank financing		
Available foundation funding		
Other funds to which we have access		
Totals	\$	\$

ASSESSING YOUR EARNED INCOME MANAGEMENT COMPETENCIES

Background

Most small businesses fail because of bad management...

1. Lack of financial planning,
2. Absence of business records,
3. No understanding or use of business records,
4. Poor cash flow management,
5. Poor debtor management,
6. Poor inventory management,
7. Poor costing and/or pricing,
8. Poor market research, and
9. Overborrowing³

Nonprofit earned-income ventures are no less susceptible to bad management. That's why it's a good idea, if you're thinking about significantly increasing your earned income, to review your management competencies, and address any critical weaknesses you might have before you sign that big contract.

Instructions

On the next few pages are a series of checklists you can use to assess your current competence in marketing, production, human resource, and financial management. Don't be discouraged if you can't answer positively to most of these questions - most successful entrepreneurs start out with little or no formal management expertise. And, like most successful entrepreneurs, use your new self-awareness to determine how big your next earned-income step should be (i.e. the greater your competence, the bigger your next step), and where you should ask for help.

Do pay particular attention to the competencies that relate directly to the nine factors listed above.

³ Source: "The Nine Most Commonly-Cited Causes of Small Business Failure," The Journal of Management Consulting, Spring 1993.

ASSESSING OUR MARKETING COMPETENCE, PART 1

Instructions

For each of the items below, indicate (by checking the appropriate box) the degree to which you currently have this knowledge.

Knowledge rating key: 1 = We have no idea 2 = We think we know, but we're not sure 3 = We know

Market Knowledge	1	2	3
1. The relative profitability of each product and service.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Who our most profitable, most desired customers are (our target customers)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. The products and services our target customers prefer.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Demographic characteristics (for individual customers - age, gender, occupation, income, family size, education, etc. / for organizational customers - age, number of employees, customers served, etc.) of our target customers.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Psychographic characteristics (lifestyle, hobbies, interests, affiliations) of our target customers.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Where our target customers live or can be found (residence or business location)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Patterns in how our target customers buy or use our products or services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. The media our target customers prefer to watch, listen to, or read	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. How many target customers we currently have	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. How many could be using our organization now but are not	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. How many could use our organization in three years	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Names and contact information for our target customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Things that are critical to satisfying our target customers (i.e. what products and services they want, how/when they want them, and how much they are willing and able to pay)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. External forces/trends that are/may affect our target customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Names of people and organizations that might influence our target customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. Partners that help (or could help) us endorse, promote, or sell our products and services to our target customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Partners that help (or could help) us produce or deliver our products and services to our target customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Alternatives our customers have to meeting the needs that our products or services address.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. Who or what are our key competitors are	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. What our key competitors offer (products, services, features, benefits)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. How they market their products or services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. Opportunities to learn from and/or partner with our competitors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
23. Possible threats they may represent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
24. How each competitor is better or unique (in relation to us and the other competitors) at addressing our target customers' needs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
25. How we are better or unique (in relation to our competition) at addressing our customers' needs and priorities. This forms the basis for our Unique Selling Proposition - the reason(s) why our target customers buy from us as opposed to our competition.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ASSESSING OUR MARKETING COMPETENCE, PART 2

Instructions

For each of the items below, indicate (by checking the appropriate box) the degree to which you carry out each marketing practice.

Marketing practices rating key: 1 = Don't know / not applicable 2 = Rarely done, if ever 3 = Occasionally done 4 = Consistently done

Marketing Practices	1	2	3	4	Notes
1. We have annual goals regarding the kinds and numbers of customers we want to have	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2. We enhance our products and services based upon customer feedback we receive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3. We have annual sales and profit goals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4. We have monthly sales and profit goals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
5. We have a clearly-defined unique selling proposition for all of our products and services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6. Our mix of products and services reflects our target customers' needs and priorities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7. Our mix of products and services takes into account their relative profitability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
8. Our pricing attempts to balance our customers needs and priorities, with our own costs, and the pricing of our competition.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
9. Our promotional techniques take into account our customers media preferences	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
10. We engage our partners in the promotion of our products and services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
11. We have a detailed promotional schedule/calendar	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
12. We have a formalized sales approach	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
13. We have policies and procedure regarding post-sales support	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
14. We distribute our products and services in a way that addresses our target customers' needs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
15. We engage our partners in the distribution of our products and services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
16.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

ASSESSING OUR FINANCIAL MANAGEMENT COMPETENCE

Instructions

For each of the items below, indicate (by checking the appropriate box) the degree to which you carry out each financial management practice.

Financial management practices rating key: 1 = Don't know / not applicable 2 = Rarely done, if ever 3 = Occasionally 4 = Consistently done

Financial Management Practices	1	2	3	4	Notes
1. We keep our bookkeeping system accurate.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2. We update our bookkeeping at least weekly.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3. Among our staff, responsibilities for financial matters are clearly defined.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4. We prepare and review short-term cash forecasts (weekly and/or monthly)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
5. We prepare and review annual cash forecasts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6. We analyze profitability by product/service.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7. We set profitability goals for our products & services.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
8. Our forecasts are linked to our business plan.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
9. We prepare monthly bank reconciliations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
10. We know how bank charges and interest are calculated.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
11. We use opportunities to generate returns on temporary cash surpluses.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
12. We manage our cash flow to sufficiently cover our expected expenditures.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
13. The debt required by our organization falls within our operating line of credit.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
14. We have a procedure for establishing customer credit terms.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
15. We know the costs associated with our credit and collection policy.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
16. We review our invoicing and cash collection cycle.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
17. We know the levels and trends of accounts payable and accounts receivable periods.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
18. We can name sources of financial advice and assistance.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
19.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

IN SUMMARY...

There. You've inventoried all your earned income assets. If you're like most who've gone through this process, you're happily surprised at the resources you already have to develop your earned income. These resources will support the development of your current products and services, and provide ideas for entirely new earned income opportunities as well. Just as importantly, you also likely now have advance notice of the weaknesses and challenges you'll need to address. Take a few minutes now to reflect on and summarize the work you've completed.

Our Key Strengths	Resulting Opportunities
Our Key Weaknesses	Resulting Threats / Limitations