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## **The Business Experts Bureau Great Business Idea - Tuesday 11 May 2010**

### **Subject: Compare your business performance against the DaltonPlan® Benchmarks**

Last week we looked at the importance of defining what we want out of life as a starting point in designing a business plan. Today we look at the nuts and bolts of a well focussed business plan.

It's actually not very difficult. You just need someone to take you through a proven approach so that you don't waste time and money making avoidable mistakes.

There is a definite step-by-step method to designing an effective business plan, and one of those steps is achieving what we call the "DaltonPlan® Profitability Benchmarks" that relate to your particular industry. It's the result of 20 years of business planning and we've analysed the figures of the successful operators.

For example, for retailers and builders there is an effective benchmark for gross profit as a percentage of sales that they need to know about, and for consultants, for example, there is a profitable hourly earning rate that they need to know about, but not many do know about these benchmarks, so, I've found that many either don't succeed in business or spend the next 20 years earning much less, than they could have been earning, if they'd only been shown how to achieve these benchmarks. It's easy once you know how.

What we've found is that certain industries require a greater level of gross profit than other industries to arrive at the same Net Profit. So once we have established the gross profit, as a percentage of sales, for our client's particular industry, say for a computer consultant or a retailer or a restaurant owner for example, then we can introduce this into their cash flow. We take their monthly sales and deduct their cost of sales, and this gives us our gross profit. We then deduct all the expenses like wages, power and rent etc to arrive at the net profit.

This net profit is also expressed as a percentage of sales, and it's from these gross and net percentages that we can determine how to solve problems. For example a low net profit might not be a result of high expenses but could be the result of a low gross profit to begin with. This clearly shows that there is not enough gross profit being made between the cost of sale and the selling price. Once this problem has been identified, the business owner can then make the necessary adjustments so that net profit results in an increase matching the DaltonPlan® benchmark.

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