

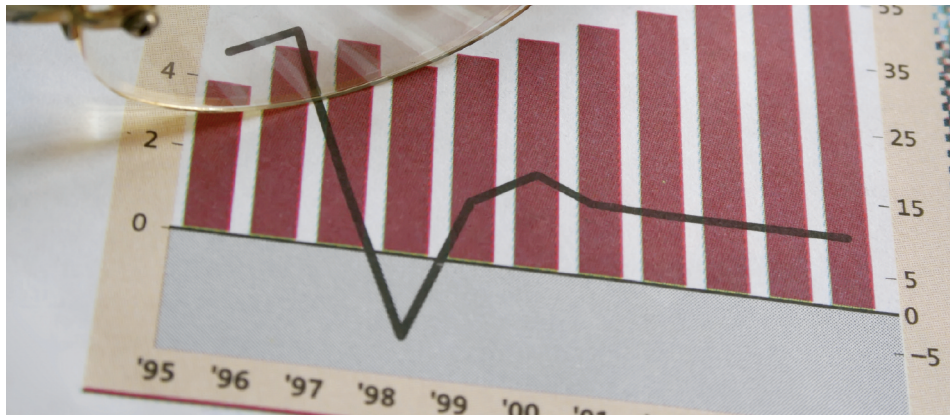
Trend Analysis is Vital

Your history is all you need to keep profits even

I was recently working on a project for a client that required me to look at old *Time Magazine* covers. It was a very enlightening walk through the history of the world. I looked at covers for an entire year from 1969 to 1989. That's 1,040 covers! The most interesting thing I noted was that no matter how things change, they remain the same. For instance, the cover of *Time Magazine* on February 26, 1969, asks "What's Wrong With U.S. Medicine?" The September 14, 1970, cover declares, "The Battle of the Buck,"

and employees all know when that down time is and the funny thing is that even though they know when it is coming, they do not prepare for it. Preparation may mean trying to put away some savings for the slower times. It may mean putting together some kind of new menu to entice people.

Trend analysis is vital and it's not something you do only when things are looking a little scary. When you know what your sales were for the first week in January for the last four years, then you have reason to expect roughly



showing that the dollar is only worth 73 cents. Here's a favorite of mine, the *Time Magazine* cover for July 9, 1979, declares that the "The World is Over a Barrel – OPEC's Tightening Oil Squeeze." Of course, every year there were articles about The Middle East. Will there be peace this time?

My point is not to give a history lesson. Rather, it is to point out how important trend analysis is for any business. If you look through the history of the financial markets, you can see a trend that occurs approximately every 30 years. If you look through news articles, you can see a technology surge every 8 to 10 years. If you look through your own business financials, what do you see? Typically restaurants experience a down season. It may be summer or it may be winter. Owners, managers

the same performance. Because you have probably raised your menu prices over the years, look over statistics like number of people that come in. This is a great indicator of how the business is doing. You can use trend analysis to vary your staffing needs, too. If business is dead on Sunday mornings before noon, then why open before things get busy? If you can make a profit just being open for dinner throughout the week, then why cut



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into that profit by opening up for lunch? Some restaurants know there are only certain times of the day that they are busy and they split their shifts accordingly.

Many business owners compare themselves to other businesses of the same type when doing their analysis, but still miss out on the information they can gather just by looking back over their own history. When you compare your cost of goods percentage to another restaurant, you can't be sure that they are accounting for things the same way you are. However, when you look back over your own history, as long as there has been consistency in your bookkeeping, you will get most of the information you need to prepare yourself for the future. Spend some time looking through your history and you just might be surprised at what you learn and how that knowledge can shift your business into a finely tuned machine. This year may not bring peace in the Middle East, but hopefully with a little trend analysis on your part, there will be peace of mind for you.

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The SMART Systems' *Insider* is published

on a monthly basis by Smile Button Enterprises, LLC and is a benefit for The Insider Circle Members. The Insider Circle Membership includes The SMART Systems *Insider* newsletter and Expert Interview Audio CD monthly. The Insider Circle Membership is only \$37.97 a month and can be canceled at any time. To order, call us at (623) 266-9611.

