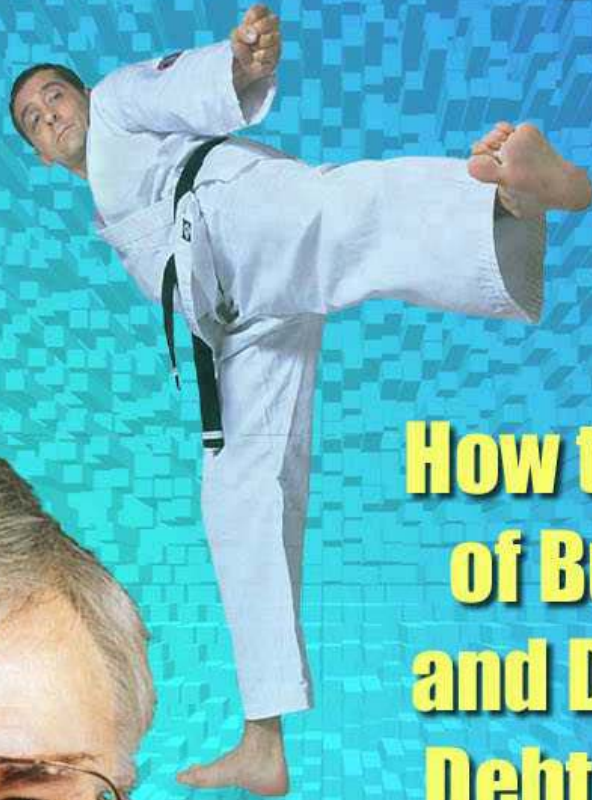
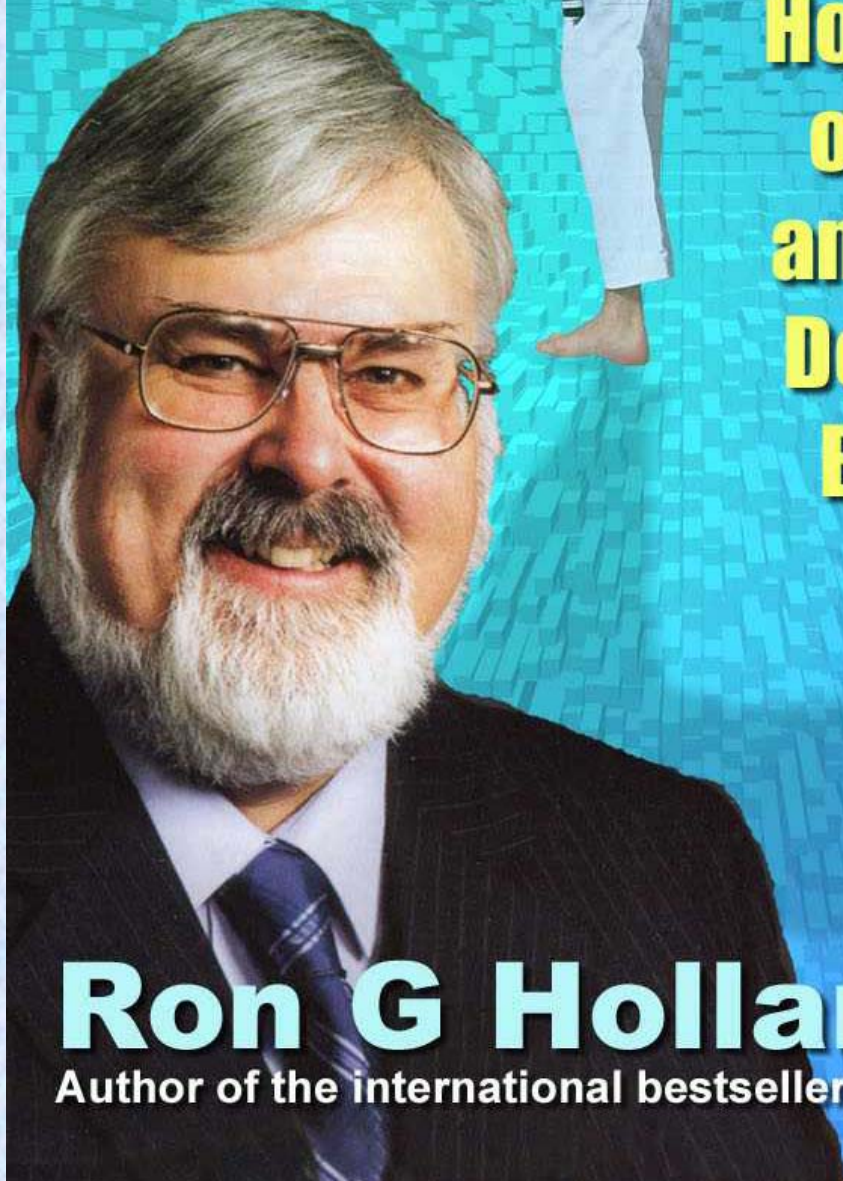


# Debt Free with Financial Kung Fu



**How to get out  
of Business  
and Domestic  
Debt Without  
Borrowing!**



**Ron G Holland** - Top Biz Guru  
Author of the international bestseller *Talk & Grow Rich*



**DEBT FREE WITH  
FINANCIAL  
KUNG FU**

OR

**GET OUT OF DEBT AND INTO MONEY  
WITHOUT BORROWING  
GUARANTEED**

Top Biz Guru - Ron G. Holland

Author of the international bestsellers

[‘Talk And Grow Rich & Turbo Success’](#)

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# **DEBT FREE WITH FINANCIAL KUNG FU**

**Get Out of Debt and Into Money  
Without Borrowing ... Guaranteed**

**Ron G Holland**

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# **DEBT FREE WITH FINANCIAL KUNG FU**

<b>Round One</b>	<b>Financial Kung Fu ... The Practicalities</b>	<b>4</b>
<b>Round Two</b>	<b>Street Fighting With Your Creditors</b>	<b>11</b>
<b>Round Three</b>	<b>Beating Up Your Debtors</b>	<b>32</b>
<b>Round Four</b>	<b>The Running Battle With Overheads</b>	<b>36</b>
<b>Round Five</b>	<b>Fighting For Profits</b>	<b>47</b>
<b>Round Six</b>	<b>Battle For Turnover</b>	<b>60</b>
<b>Round Seven</b>	<b>The Realities of Kung Fu Business</b>	<b>66</b>
<b>Round Eight</b>	<b>Kick Box Your Way Out of The Vicious Circle</b>	<b>78</b>
<b>Round Nine</b>	<b>You've Arrived ... You're A Kung Fu Maste</b>	<b>87</b>



## FOREWARNING

This material has been sold on the condition that neither the author, publisher, nor distributor can be held legally responsible for the consequences of taking any of the advice in this material. With all debt problems, it is always advisable to obtain proper legal counsel and accountancy advice before embarking on any method of getting out of debt.

‘Where applicable, reference to the male gender applies also to the female gender and vice versa.’

This book was first published in 1974 as a result of myself being entangled in the worst possible business and domestic debt situations imaginable. I worked myself out of debt, and in the process repaid thousands of pounds worth of debts, directly and through county courts all over the country. At about the same time, I became involved with a shrewd old Irishman, who had a mind like steel trap, the affable Seamus O'Rourke and together we set up a business consultancy practice helping others get out of debt and into money.

I wrote the book from my own practical experience and since then it has been written up as the most definitive book ever published about getting out of debt. This material has already helped thousands of people “achieve a high standard of worry free living.”

Produced from a business standpoint, it will help you tremendously, even if you are not in business, but do have domestic debt problems. Consider yourself in business, even if you are not, as the reason why most employed people have domestic debt problems, is that they don't consider themselves ‘in business’



Many people have told me they think every home in the world and every government official should have a copy of this book because of the street wise information and practical wisdom it contains. Who am I to argue? Since the original publication of this, my first book, I have led and continue to lead, a chequered and exciting career. As an entrepreneur, a globe-trotting business consultant and hired brain, I have conducted thousands of sales trainings, seminars and motivational talks for both national and international companies. I've written numerous other books, the most famous being the international bestseller:-

### TALK AND GROW RICH.

Now, especially for *The Millionaires Bookshelf* series I have revised and also republished this work as a talking book, which is available for download. I hope you enjoy the material and benefit substantially from my experiences.



## ROUND 1

# FINANCIAL KUNG FU...THE PRACTICALITIES

### **The Fear Within**

Are you worried about your debts? Are you worried about what people will think if you go bankrupt or fail? Are you worried about what your friends and the people close to you may think?

You are wasting your time worrying about it. If you want to worry about something; try lung cancer; hundreds of people die from that every year. Or how about a car accident? What about having your house burgled. I am not trying to be morbid. What I am showing you is how silly you can be. If you're going to have a car accident, it just happens, bang, crash, wallop and it's all over. But I can hear you say to me, "*How do I stop worrying, it's me that has got all the debts*" - My answer is, that you've got to get your attitude and your mind right...and that's just the beginning !!!

### **Financial Kung Fu Masters Meditate...They really do!**

Let me demystify meditation. Think of it this way. The mind is a problem solving computer and solution provider *when* it is in a *natural* and *relaxed* state called Alpha. Unfortunately constant worry and pressure of debt keeps your mind up in a fast and unproductive state called Beta and in this state you will never be able to solve problems or become creative.



If your mind is in constant turmoil it will be very beneficial for you to meditate every day. That is slowing your brainwave frequency down to the Alpha level. The idea is to stop, even if only temporarily, the constant internal dialogue that goes through your mind. i.e. all the worries about bailiffs, debts and the day to day aggro of fire fighting.

Twice a day, discipline yourself to ten or fifteen minutes, where you imagine positive outcomes for yourself. For this to be effective ensure you are in a relaxed Alpha state at the same time. This can be achieved in a number of ways. You can of course sit cross legged and stare at a candle flame, but it is probably easier to let go when you are washing the dishes, enjoying some gardening or briskly walking in the country. Some people slip into the altered state of Alpha by driving fast, taking a long shower or simply scraping the wallpaper off the wall. Ten or fifteen minutes a day "of imagining positive outcomes" will get you where you want to be. As they say in the east, by going out of our minds for ten minutes a day we come to our senses. Meditation and its benefits are best described in [\*Talk and Grow Rich and Turbo Success\*](#), both of which are in the Millionaires Bookshelf Series. Over the years meditation has been a key to my own success ... so much so, I am now known as the Mystic Millionaire.

**What you need is practical advice and workable solutions!**

The information contained in this program will not be revealed to you by any of your professional advisers. The information here is the real nitty gritty about solving debt problems from a practical standpoint, shared by someone who has not only lived through it but turned those early disasters into sustained success.



Your accountant deals with the figures in your business. He will reduce your Income Tax liability by all legal means. Your solicitor will tell you about the legalities of things that can and cannot be done in your business. The bank manager will deal with what is on the surface, the monies going through various accounts that he can physically see.

After listening to this audio program, you will from then on, deal with the practicalities of your business and personal finances. What is actually happening and when. The best definition of business, as defined by none other than loquacious Seamus O'Rourke himself is "business is when you are in trouble, creditors chasing you, cheques bouncing, the bank manager reducing your overdraft, having to go out and drum up business and jobs when you haven't enough work on, getting the cash really flowing, building up the stock and cash reserves, putting in long hours yourself to save that extra wage, all this is real business". If it were not, everybody would be in business, everybody would be a millionaire! So remember, when the going gets tough, the tough get going!!!

The majority of business people these days are taking *far* too much money out of their business or personal incomes and not putting enough work and effort into them. The first step you must take in your business is to know exactly where you stand. You probably don't, so you must draw up a long list of your creditors and debtors, your liabilities and your assets. Most business people only have monthly bank statements; the most successful business people I know have weekly statements, and they also phone every day for the balance of their accounts. They know exactly where they stand financially, whatever the time of day or night!



So many times, people tot up what they have in their business accounts and in their pockets, and they think they are O.K. Then they get a nasty shock when a cheque bounces - they have usually forgotten the cheques that have been in the post, or post dated cheques they issued way back and have only just been presented to the bank. They haven't yet got into the habit of balancing their cheque books. You must keep accurate records of the practicalities of your business and domestic finances. The cheques you have written, the money that has been paid in, the money that is expected in by Friday. Oh Yes, the actualities and the practicalities are so different from the theory laid down in business and management studies.

One of the funniest things about people who are in debt, is that generally, they think that the first, and only solution to getting out of debt, is to borrow more money either to pay the debts, buy materials, stock, to get them over a sticky patch they are going through, or to tide them Over while they have no orders or work. Think about it. Are you the same? It's totally impractical and illogical to borrow money to get out of debt! What does your instinct tell you? It can't be right, it must be wrong. There must be another solution. There is, and I'll show it to you.

You are capable of more output, and in the future you are to think, work, and play harder. And with that, I'll guarantee your days will be happier, richer, and more rewarding, both materially and mentally.



## **NINE ROUNDS OF FINANCIAL KUNG FU...YOUR BASIC SALVAGE PROGRAM TO WIN THE BATTLE OF DEBT!**

1.Don't panic.... Meditate. All Financial Kung Fu Masters learn how to relax and meditate. I have already mentioned this necessary practice in this opening round. You can also gain further insights from my international bestseller, "[Talk and Grow Rich](#)" and from "[Turbo Success](#)" both of which are in my Millionaires Bookshelf Series.

2.Creditors will have to be paid back very slowly, a little bit at a time. This is known as pacing the creditors. You'll also learn how to communicate and come to amicable arrangements with them...

3.Debtors' monies will have to be collected very quickly. You'll learn how to get money in ahead of time and get debt monies collected within say, 15 days ... as opposed to 90 days or over.

4.Fixed overheads and expenses will be ruthlessly slashed wherever possible. You'll learn how to become a hatchet man par-excellence!

5.The profit margin will be dramatically increased to put your business on a proper footing.

6.Turnover will be dramatically increased. A new way of trading will be established, the trend being towards labour intensive work, no capital outlay, and high profitability. You'll budget and keep detailed track of your business affairs.



7. Get real! From now on you will be dealing with realities, not theories! New ways of setting up deals and contracts will be established, and a new way of thinking will be employed. You'll learn how to think for yourself. Goods are to be obtained on a sale or return, or a cash basis. Under no circumstances will goods on credit or borrowed money ever come into your business again...

8. You will break through the vicious circle. By adopting these methods of Financial Kung Fu, for fighting for your survival and never giving up, you will be keeping strong powerful opponents off balance. Always being one step ahead of them and taking the initiative.

9. You will become a Financial Kung Fu Master! Spring into action with the ideas from this material and the ideas that will stimulate your own mind. You'll learn valuable, information that will be crucial for your Financial Kung Fu strategy. Play this material over and over again, in your car, at home and at work... Spaced repetition makes learning from audio programs work, and really sink deep into ones subconscious mind!

An obvious question that is frequently asked is this, "*I have no assets at all, just a pile of debts and liabilities. Should I go into voluntary liquidation or bankruptcy?*" My answer is always the same... never give up without a fight! The point is that you will never gain valuable business acumen and knowledge by not fighting to the bitter end. You will never know what might have happened had you stuck it out. You will never really learn how much work one can do in business. You must be careful not to use the privilege of bankruptcy to clear small amounts of debt. I liken that that to using a sledgehammer to kill a flea.



Many clients who had consulted with me too late, said, knowing what they know now, they would have rather fought their way out of debt than go bankrupt for such a small amount. The lessons to be learned by getting a business out of debt are so profitable, that it is worth taking a mental note that most self made millionaires have, at one stage or another, been through the mill of being badly in debt at some point in their lives.

This round's over! You may be down, but you're certainly not out! Now get in there and fight, Using the, tactics set out in the next round, will allow you to buy precious time!



## **ROUND 2**

# **STREET FIGHTING WITH CREDITORS**

Creditors are the people or companies who have supplied you either stock, materials, services, advertising, etc. on a credit basis. The idea being that you should be able to sell their goods within, say, thirty days and then pay for them. In reality, what happens is this: You accept goods or service in good faith and if you are lucky you even sell a few of the products. Unfortunately time flies, then the thirty day credit period is up and the creditor's bill lands on your mat for the full amount, but usually you have a substantial shortfall in money with which to pay the creditor. Even if you are extremely lucky and sell all of the goods, usually what happens is the money gets spent on overheads or someone else's bill. It's the hand to mouth syndrome, or what I call robbing Peter to pay Paul and never catching up with yourself. What happens is the overheads are paid from the money that was taken for stock. The trouble is, only a small proportion was gross profit, the rest of it should have been paid to the creditor. This is where the problems begin!



Usually, every business has a number of suppliers supplying on credit, so the immediate effect is not realized for some time because everybody can juggle the creditors for a certain amount of time. Obviously, the correct way to run a business must be to pay all the overheads from gross profit, and the remainder, after the overheads have been paid, is the *net* profit, which is the profit we are most interested in!

This may be the first time you have realized that you have unwittingly been spending the creditors' money and not the gross profit. However, not to worry, on the other side of the fence there are tens of thousands of people still doing the same thing. You must learn to only spend the *profits* not the *turnover*. By spending only the profits in your business means we have no debts or liabilities to clear away once we have sorted out the initial problem. So many business people are taking more money out of the business than is actual profit...and all will face the day of reckoning, many sooner rather than later!

### **Understand exactly where you stand financially!**

Make a list of all your creditors; get them all down in writing. The more the better! Why? ... Realize that if you have been trading now for the last 4 years, or 40 years, and have always struggled and strived, never been out of debt and never made any real money, that what you have created is a map of how not to trade. The failure that is in front of you is your key to success. All you have to do is turn it the right way.

However much it hurts, you must face up to the fact that up until now you have probably been doing something wrong.

### **Ask yourself some pertinent questions such as:-**

Why do I have a shortfall in funding every week? Why do outgoings always seem to exceed my income? Why are people not coming through my door to buy things? Why don't people answer my adverts? Why are my services not required every month of the year?



Why have I got cash flow problems in the first place? Have I got to start working smarter, or harder? Why can't I sell as much as my competitors? Ask "Why?" to all of these questions; write them down on a large sheet of paper to get answers that will hold you in good stead for many years to come. It may take a day or two of soul searching, but be honest with yourself when answering these questions, have yourself a wake up call ... before it's too late!

### **Stop buying on credit!**

In this survival program, it is most important NOT to buy again on credit. We must pay cash for everything we buy or not have it at all. It is as simple as that. You must be ruthless with yourself and determined to settle your old accounts. **DO NOT** start any new accounts. There is no function at all in clearing old debts only to incur new ones to be cleared by this time next year.

Are you relying on credit in your business and domestic life? Does it work? Then why are you in debt? Yes, these questions hurt. Stop and think! You need time. Your map and plan for success will take time. Remember, not only do the creditors have to be paid, but the Financial Kung Fu survival program is in several stages, that all take time. The profit margin has to be increased; the debtors have to be chased, your contracts have to be looked into and set up properly; the vicious circle has to be broken; a method of day to day bookkeeping has to be implemented, and many other things have to be done. They will however, now be undertaken with joy and ease, because the pressure will be off. You will be driving your business and domestic affairs onto a sound footing... and by the time you've finished implementing this program your life will really be turning round!



### **You Must Play For Time!**

Rome was not built in a day. Your business cannot be built in a day. Remember the story about the man who built his house on sand and the man who built his house on rock. You want your business to be on *solid granite*. If you don't have sufficient funds in the kitty your business will be on sand. By paying your creditors back very slowly and retaining as much money for your business as possible, you stand a good chance of getting your business on a firm foundation. As I said before, these debts did not accrue overnight. They probably started accumulating years ago and I stress that you will not be able to pay them off overnight. It will probably take some time to pay them off, if you pace your creditors properly. Also, by spreading the load, it will give you sufficient funds to pay cash for your new stock, materials, etc.

### **Get back in the drivers seat!**

You do need time. Time alone will enable you to turn your business around. With creditors chasing you and you chasing money, it's more akin to a tail wagging a dog, instead of a dog wagging its tail. Is that what has happened to you? Is your business running you? Are you on a treadmill! Are you in command, when money comes in, and you have to rush down to the bank to pay in to meet a cheque that you have written so that it doesn't bounce? No, and there are thousands of people out there, all being dictated to by their businesses. It looks funny from the outside looking in. I mean, imagine the scene of a lot of tails wagging their dogs!!!... .. This material will put you back in the driver's seat!

### **Learn How Make Arrangements with Creditors.**

Creditors draw a line when they realize that they keep sending goods out, but your cash stops coming in. If the creditor is a wise businessperson the chances are that he or she will come to a proper business-like-arrangement with you about your debt and about supplying you in the future.



When dealing with this type of creditor, never use the phone to try and sort out the problem, they can hang up on you far too quickly. Make an appointment on the telephone to go and see the person. When you arrive, *Smile!* Always smile, never let on that you are depressed about your debts and not confident about sorting out your cash flow problems.

First, tell them that you're sorry that you owe them the money and that you have worked out a way to pay them back. If the debt is £2000, propose to pay £200 a month, that's 10% of the principal sum; don't mention percentages or they will think that you are coldly and calculatingly trying to screw them into the ground. Say nicely, but firmly, that if they accept this arrangement they will get every penny owed and, more to the point retain a cash customer. By the time you implement this program you *will be* in a position to pay cash for everything you have from your suppliers.

So, the picture is this; they get their £2000, plus a little interest if they ask for it. 10% is reasonable. Also, they supply all future goods to you on a cash only basis. They get their debt reduced and profit from the new business conducted with you. If you are dealing with sensible business people they will accept your propositions. If you find an idiot, they won't. "There are some idiots out there - so remember to smile! Don't ever forget business is all selling, and selling yourself to your creditors is as good a starting point as any!

It is essential to make arrangements with creditors because they have to be paid off gradually. The longer period you can arrange to pay back your creditors the better; the more time you will have to recapitalize your business. Remember, I don't care who they are or what you owe them; the creditors have got to be paced. Pacing them, is paying them back slowly, over a long period of time. You have got to pace them. Find a way... it's very important.



Usually the best way is face to face communication, talking, selling yourself and getting your creditors to agree to your terms.

**Don't Pay Off Each Debt, One At A Time, Even When The Money Comes In.**

Make no mistake about it, when you use Financial Kung Fu, the money will flood in, and for once there will be no demand on it. Success comes when you have built up sufficient capital to give yourself the solid foundation you deserve. Secondly, with the money that will build up, you will learn how to buy properly. Now that you are not purchasing anything on credit any more, you will *not want to buy just anything*, only those things that turn over quickly and have good profit margin in them. Remember, if you've been through hard times once, there is no telling when the cash flow may stop again. With hard cash behind you, you can still carry out your survival program. It is easy to get lulled into a false sense of security. Thinking you have arrived, when in actual fact you haven't For example, say you have a few thousand pounds in the bank where only a short time ago it was overdrawn. It would be so easy to payoff some of the creditors with the money in the bank. This is not a good idea, what if suddenly your cash flow gets a bit tight? You're back to square one. No, whatever happens, however much money you accumulate, let your business flourish, not flounder all through the cause of parting with money too quickly! Get back in the mode of the dog wagging its tail, believe me ... the tail has been wagging the dog for far too long... for far too many people!

Once arrangements have been made with the creditors, it is very important to keep the agreement to the letter. If, for example, you have agreed to pay them £300 per month on the 30th of each month, make sure your payment arrives before, or on the due date. You see, it is very important to establish with your creditors that you are paying the debt regularly and you are reducing the capital sum.



One thing is for certain, and it is always the case when dealing with a lot of creditors, there is always "the exception to the rule", i.e. the one who will not accept any offer of payment. These people are not business people, and the best thing to do in such cases is to settle the account and not deal with them any more. Business is business, learn that you only look after those who are looking after you.

**Your standard creditor arrangement letter.**

The following letter you can send your creditors to make an arrangement with them to payoff a debt, before they instigate legal action.

Carefully type this on your own letter heading, remember to date the letter and to keep a copy for your records.

*Dear Sir or Madam.*

*I refer to my account number XYZ.*

*Thank you for your statement of the 12th February. I regret I have not replied to you before, but I have-been having cash flow problems and other difficulties in league with many other businesses at the current time.*

*I wonder if I could pay off the £3000 I owe you at £300 per month. I know this is not a lot, but it is what I can afford to commit to pay you at the moment. I am enclosing a cheque for my first monthly payment and will send the next payment on the same date next month.*

*I would also add that all current and future orders will be paid for Cash on Delivery, as I will be very pleased to continue doing business with you.*



*I look forward to hearing from you in the near future. If you require that I come to your office for a meeting, I would be very happy to do so.*

*Yours faithfully,*

Sign the letter off and remember to enclose your cheque drawn on an account that has money in it, failing that, use postal orders or a banker's draft. The last thing you want to do is make an arrangement and pay it with a cheque that bounces.

You will find creditors accept this type of arrangement and continue to do business with you. If they come back to you and request that you send them a big bunch of post dated cheques that's an offer you'll very politely, but very firmly, decline ... you'll see why in a minute!

Now, this next step is vitally important: When you have reduced the capital sum by half, which will usually be five or six months after you made the first commitment, you have to re-negotiate with your creditors. You have to do this because you'll soon find out that if you have committed to pay a number of creditors by paying them monthly, you will soon find it very difficult to keep up all those commitments. Even if it's not hard, you need to do this anyway to bring yourself into a *cash rich* position. You simply write to your creditors again, informing them, that to pay all the creditors every penny you owe them, you will have to reduce the amount you are paying creditors by half. Remind them that you have kept up regular payments, which *has* reduced the debt by half. Reassure them that they can look forward to further trading with you as you will continue to make your stock purchases, cash on delivery only. They'll do a deal with you, because they've already seen that you have paid the debt off regularly and have already reduced the capital sum by half.



Make sure you include your cheque made out at the reduced sum with the letter, which will show an act of good faith and also set a precedent that you are serious not only about paying the bill, but reducing the monthly commitment.

Note carefully, *I'm not saying they'll be happy...* that's not your job... but they will deal with you. Financial Kung Fu is all about keeping your big powerful opponents off balance... remember that always.

You must use these same tactics with the County Courts as well. You'll find they too will accommodate you if you ask to reduce the monthly payments you are making.

### **And Divide By Three**

One chap I know used to clear all his small debts by paying them in three stages. For example, take the telephone bill. If it was £60, he used to write one cheque for £20 and promise two further payments at fortnightly intervals. He'd usually receive a letter stating that this is not normally acceptable, but in this instance it will be O.K. All these little things enabled him to recapitalize his business for free, and he used this method of payment for a long time after he got out of debt just to make sure he was solvent and cash rich. Personally, I would never advocate writing post-dated cheques. It can turn your business into an out of control monster. If this ever happens, your best bet is to take the initiative and *put a stop on all the cheques* rather than have them bouncing all over the place.



Obviously, once the cheques have been stopped, confirmed in writing as well, there is going to be some bother from whoever presented them. It always takes the sting out of it, if you contact them first and tell them what you have done, why, and how you will pay them the money owed. I would rather fight, have abuse thrown at me, be called all the names under the sun, *anything*, rather than part with money! Financial Kung Fu.... right!

### **Oak trees live for hundreds of years!**

Most businesses build up their stock and expand, but never build up their cash reserves. Imagine an oak tree just growing out of the ground and with no roots, it wouldn't be very long before it got blown over and it would crash down. This is what happens to businesses with no cash reserves, they get blown over, they crash, and they go bankrupt. Everybody knows that if an oak tree is 100ft tall, its roots are 100ft long. So in business, if you have £10,000 of stock and business, you also want £10,000 hard cash in reserve. The working capital requirement of your business is a crucial part of its successful running. Where amateurs go wrong, is they inadvertently strip out all the cash from the business, which leads to its demise. You hear so-called experts saying you don't need hard cash about a business; wrap it up in plant and machines, stock and buildings and the like. Let me mention that businesses continue to crash although they all have stock, plant and buildings, when they do not have cash to the equivalent. Remember to leave the roots on your oak tree... the working capital requirement of your business is vital.

### **County Court Summonses**

These must be dealt with as soon as they come in. Usually, you have fourteen days before judgment is made. Under no circumstances do you want judgment to be made against you, simply by not entering a defence or counterclaim. You can lose cases like this by default and that doesn't make sense.



The first thing to do is to decide whether the claim is true or false to the penny. Usually, the claim will be true, because if you owe money, you owe it, so there is no point in disputing it. Check that the amount for which you are being sued tallies with invoices that you have. There is usually a solicitor's fee and the Court fee added, which you also have to pay. If you have decided the claim is correct, even if you have the money in your hand, you must only make an offer of payment, usually 10% of the gross debt payable monthly, starting one month after the date you complete the Summons. 10% will usually be an acceptable offer. In the case of very large debts, 5% or 2% will suffice. Don't skin yourself. Remember that when you add the letter T to Skin ... you become Skint!

A County Court will usually accept this kind of an arrangement, because it is unrealistic to expect money to be paid on account, especially if you haven't got any.

**Pace! Pace! Pace!**

The success of your survival program depends heavily on how you make arrangements to pay your creditors, whether it be through the Courts, or direct to them. You see, pacing the creditors in this manner enables you to breathe more easily, get the pressure off you and will help you to recapitalize your business without borrowing and incurring further debts or liabilities. The best bet is to explain to the Court, either in writing, or to the Registrar or even to the creditor direct, that by accepting this small monthly payment they will definitely receive all of their money. It is best not to point out the fact that if they force you to pay the whole account you could possibly go bankrupt, and they will probably, like all the other creditors, end up with nothing at all.



## **Cash Not Cheques**

When sending payments off to creditors it is much better to pay by postal orders or bankers drafts than by cheque. One reason is that when the creditors receive a payment they know *immediately* that they have cash and not the worry of a bouncing cheque. The second reason, and probably the most important, is that it means that you are only spending money that you have physically in your possession and you're not relying on the bank to clear a cheque. Obviously, to do this means either retaining the cash that comes into your business or making an arrangement with the bank to be able to draw out cash or issue cashiers cheques. County Court payments should always be paid in postal orders or banker drafts or cash via registered envelope or in person.

## **Tougher creditors are easier than you think!**

The most intimidating debt problems facing anybody in business in this day and age are going to be: Income Tax; P.A.Y.E., VAT and utility suppliers, including gas, electricity, telephones and rates. These organizations come into a category of their own when it comes to putting on pressure to get their dues and many of them have the additional clout of being able to cut off vital services or can even threaten imprisonment. Don't be intimidated and remember that governmental and large organizations don't have an axe to grind, they just want to collect their money and often as not they'll bend over backwards to accommodate you.

**UTILITY SUPPLIERS:** Can very easily disconnect your facilities if you don't pay and then when you finally do pay, can also charge for re-connection. Many times they will come to an agreement to payoff account arrears. It is always worth trying to make an arrangement, whoever the creditor. Remember since privatization these companies are becoming increasingly more competitive and will do deals rather than lose custom to competitors.



### **INCOME TAX, P.A.Y.E. and VAT:**

On occasions Government departments can be very difficult to deal with. If you are in trouble with any of these, take great pains to come to an agreement with them. Point out to them that any current liabilities or commitments will be kept right up to date and the only time that is required is to pay off the arrears. The chances are however, that these organizations will put on the most pressure. Fortunately, if you communicate, you can usually buy sufficient time to be able to see your way through the cash flow problem that confronts you.

### **BANKS ... THE NECESSARY EVIL!**

Can't live with 'em, can't live without em! I have lots of advice here, all gained from painful and extremely costly experiences. If you have borrowed money in an unstable economy you could regret it. I know many sad people who borrowed at 7% quite comfortably but when the rate got to 17%, all the fun went out of life... Banks have a nasty habit of re-calling overdrafts the minute they see that your cash flow has dried up, at a time when you think you need borrowed money the most. This is what I call "the give you an umbrella, and take it away when it rains syndrome". Banks often reduce your overdraft for you by snaffling a proportion of the monies coming in, and/or by taking all incoming money and bouncing all of your cheques. Most banks do it to almost everybody, only lending money to those who already have it... or at the very least have lots of collateral.

### **Here are ten Financial Kung Fu Black Belt moves to bear in mind when dealing with banks:**

1. Make every effort to get out of their clutches. You can start by opening various accounts with other banks. Never let the individual banks know what your business is with other banks.



Become less dependent on one bank, and eventually less dependent on banks altogether.

2. Using Financial Kung Fu tactics you must find various ways of replacing overdrafts with other methods of funding. The overdraft is usually the working capital requirement of your business. Can you replace your overdraft with funds from an equity partner that you bring into your business? Have you considered venture capital or raising money on OFEX or AIM? If you have sufficient receivables you may consider factoring to bring the bulk of your money almost immediately. Shop around because some factoring companies payout 90% while others pay only 65% of the negotiated receivables. There are literally hundreds of ideas and sources for raising funds in my book: *The Money Source - subtitled Money for Business, Where It Is and How To Get It*, which is part of my Millionaires Bookshelf Series.
3. Remember this whole philosophy revolves around the business adage of "Pay yourself first" You see, even if you're broke you don't have to be poor! If the bank is snaffling monies that you pay into your account to reduce an overdraft you have lost control of your business. Find another place to cash your cheques. There are many places that will cash cheques for a small fee and one of the best sources to locate these is through the Sunday Times Business to Business pages.

Taking control of your financial affairs is more than half of what Financial Kung Fu is all about. Tail wagging the dog... remember!



4. Whatever problems you are having with your bank don't be intimidated by them. Get in there and do some horse trading and make sure you see the manager. Don't be passed over to an underling, your business *is far too important* for that. When negotiating with banks don't be bullied by them ... and they usually will... if you let them. Make sure your voice is heard. If you don't. .. you'll live to regret it later!
  
5. When the bank manager changes, and they frequently do these days, get in there fast and establish a rapport with the new manager, even before problems develop. Many times the new manager will be a one ulcer man thrown into a two ulcer position and won't be able to handle all of your problems in the same way the previous manager did. Make sure he gives you quality time, you are his customer and he is solely there to serve you, remind him of this and make sure he understands you and your business. At the same time you'll be freeing yourself by opening accounts at other banks anyway! If you find this difficult... ask your advisers i.e.:- accountants and solicitors to introduce you to a new bank. If this fails, try changing advisors making sure you explain that you want *added value services* which include introductions to banks and other financial sources. This happens all the time, it's just not commonly known ... remember where you heard it first!
  
6. Many businesses get into trouble even when they are profitable. By expanding too rapidly they start to over trade. Should this happen to you as well as seeking advice from your bank manager to see if a business loan can be arranged, look for an injection of venture capital, or funding from a private investor. Help from a business angel, which can be much cheaper money, may do the trick.



- 7 Banks try to avoid legal action. Knowing that, you should get in there and negotiate terms that you can live with, at the same time buying time that will allow you to sort out your cash flow problems. Sometimes it pays to take an accountant or lawyer to your meetings with the bank to prove that you are, not only getting professional advice, but also have someone in your corner fighting on your behalf.
8. Try to get the bank to write off the debt for a small amount on the pound. Banks write off millions in this way every year on a regular basis ... and get tremendous tax relief for doing so! This may very well be a viable way of moving forward.
9. Don't give personal guarantees. If you let them, banks will take guarantees for many times the value of a loan so they have themselves really covered. I haven't given bank personal guarantees for years and still get all the loans I require. However, I don't have any problem with taking them a debenture over the assets of the company.
10. Never take NO for an answer, never be fobbed off, never be not seen or heard. If necessary you can get your lawyer to go in to bat for you. If you feel you have been really unfairly treated you can always turn to the Bank Ombudsman to get grievances sorted out. Their phone number is 0171-404 9944 and if the Ombudsman decides that you are right about your complaint he has the power to compel the bank to pay compensation of up to one hundred thousand pounds. But for all said and done, do not misinterpret what I have been saying. I have the highest respect for banks, all of them, especially mine! They make excessive profits don't they? What better criteria for a successful business?



**Credit cards.**

Your flexible friend, which will do nicely, can often turn out to be your worst enemy. It is so easy to make purchases with a credit card and so much less painful than parting with cash, you can soon find your spending out of control and beyond your means. If you have a number of cards keep the one that has the highest limit *and* the most available credit then cut the others in half with a pair of scissors. This will help curtail your spending but at the same time give you clout for emergencies so long as you are very selective with your spending.

The card that you retain should be kept up to date by paying at least the minimum monthly payment and the others you should send your standard creditor arrangement letter offering to pay nominal monthly instalments; that you know, you will reduce to half the amount when you have cleared half the debt.

It's no good talking to the bank about credit card problems but instead talk to the manager at the card customer services as outlined on your statement

**Why Is It Best Not To Have Credit When The Economy Is Unstable?**

Simply because, with an unstable economy, you just cannot judge how many people are going to buy your goods in a given time period. i.e. thirty days. The creditor will want his money on the thirtieth day whether the goods are sold or not.



Also, when the economy is unstable, people are very cost conscious and they only buy what they think is value for money, or what they really need, not what they really want. By having goods on credit you usually don't put much thought into whether or not those goods will sell. They are offered so freely and the goods are so easy to accept you think you might as well have them. *But this doesn't sell them.* Even if the goods do sell there is still the trap of spending the creditors' money on yourself or the overheads instead of spending just the profit. If a creditor supplies you on credit maybe he had a hard job selling his wares, for cash. Just a thought, but worth thinking about. With an economy that is unstable the inflation rates goes up one minute and bank rates the next. The price of goods and materials, especially from abroad, can alter a hell of a lot in twenty-four hours. You could be selling your goods at one price one minute, and find that the next consignment of goods costs you more than you were selling the first lot for. Prices fluctuate. Understand this... real profit margin is not the difference between the buying price and the selling price, but the buying price and the replacement buying price.

### **THE ALTERNATIVE IS ACQUIRING GOODS ON A SALE OR RETURN BASIS.**

Sale or return is far better than credit, providing you can get suppliers agree to it and providing you pay for the stock the minute it's sold. This is the secret of running a profitable business without incurring liabilities. Imagine the profitability of a deal like this. You have an item on a 30 day Sale or Return basis for which the supplier wants £50. When you sell it for £100 you put his portion; directly in the post to him and you are left with £50 gross profit. If you don't sell the goods, then the supplier takes them back and everybody is happy. But if you don't stick to that simple plan things can go wrong.



For example, if you sell an item of stock for £100 and spend all the money on other expenses, when the supplier comes in you will not have his goods, or his money. Take another example, you sell his goods for £55 and send him £50 in the post. This leaves you with £5, but by the time you tot up a proportion of advertising costs, overheads, etc., this will probably lead you to a net loss. It is better not to sell anything than incur a loss or liability on any item. Are you getting the picture? If the item has enough margin in it and you pay for it right away before you spend the inventory proportion of the money, you are on to a good thing.

You may ask yourself, *"why can't I do this with a simple 30 day credit account, you know, put the money aside for the goods as I sell them and only spend the profit?"* Simply this, if you don't sell the goods, or only some of them, you must still pay for *all* of them. With a sale or return arrangement, if you don't sell them, the supplier is obliged to take them back. In business, losing money is not fun, making money is, making net profit is better, making lots of net profit is better still. Using Financial Kung Fu, the rule is: You Win Every Time!

### **THE KEY ELEMENTS OF SALE OR RETURN**

- (1) If you don't sell the goods the supplier is obliged take them back.
- (2) If you pay for the goods the minute they are sold you are just left with the profit, which is yours to spend.
- (3) You have not incurred a liability for your business, so that is good for a start; even you have difficulty in selling the wares.



## **THINGS YOU OUGHT TO KNOW ABOUT CREDIT**

- (1) Goods must be paid for whether you sell them or not.
- (2) The creditor's money is easily spent before it is due to be paid.
- (3) You have incurred a liability for your business i.e.:- broken cardinal rule No.1 "*I must not incur any debt or liability*". The minute you accept goods on credit you have incurred a liability, because *sooner or later they have to be paid for*. This may cause you cash flow problems if the goods are not selling quickly enough or if you are buying too much stock or the wrong type of stock.
- (4) If you must have stock on credit make sure you take 90 days to pay. This will help ease your cash flow.

### **Knowledge is Power!**

There is a wealth of information about debt problems, negotiating with creditors, bankruptcy, liquidation, etc., in your local library. Citizens Advice Bureaus are a tremendous help and every town has one. Don't be shy. Bookstores usually carry a selection of books on the subject and I always advise buying a number of these to get as many points of view as possible. Choose books written by those who have been there and done it, not just someone theorizing on the subject. There are many debt counsellors in the community, many who offer their services for free, just make sure you get one who you feel good about, and one that you can work with. Make it your business to find out about the legalities as well as the practicalities. Many Accountants and Lawyers specialize in helping individuals and companies with debt problems. Excellent free, confidential, and independent advice is available from the National Debt Line on a local rate number



They can also send you two very good publications about rent and mortgage arrears and also a number of tip sheets on various debt problems.

This was a long round, you sweated a lot bringing the creditors under control, but you're still in the fight. Round three coming up ... now to dominate your debtors!



## ROUND 3

### BEATING UP YOUR DEBTORS

These are the people who owe *you* money, usually for goods or services supplied. It is bad practice in business to be owed money unless you're in the banking or money lending business.

If you have people owing you money, one thing is for sure, it's your fault, and it is you who is going to get it back. Forget all about debt collection agencies, solicitors' letters, and all that costly stuff. *That* hardly ever gets your money in. Believe me, getting your money in on time or even ten or fifteen days quicker than what you are doing currently, will ease your cash flow tremendously! It's time you had a wake up call... it's time you got into action with Financial Kung Fu!

#### **Just How Do You Collect Your Money?**

Easy, you just go straight around and see the person who owes you the money. Don't use the phone, go straight up to the debtor and start talking. Take with you the original invoice, or a copy of it, and again, just the same as when dealing with your *creditors*... *smile*. Ask the chap if you can have the money he owes you. Be pleasant, be nice, smile, AND be firm. The debtor will usually um and ah, all sorts of burble comes out; you wouldn't believe it. When he's finished, and if you still haven't collected your money, you must assume he has cash flow problems. So now you do with him, exactly the same as you did with your creditors.



Okay, you say, *"Let me help you out in this situation. Pay me half of what you owe me now ... and I will accept the balance in monthly instalments* i.e. if the debt is £3000, take £1500 and the remainder at £300 per month, which is 20% of the £1500 balance. Be prepared to negotiate and also to take some of the inventory if necessary.

Why take 50% off the debtor initially and then 20% per month ... when you know *you* are paying back *your* creditors at a much much slower rate?... That's business... that's Financial Kung Fu!

Now, the only reason why you haven't been round to collect your money before is because you have been either too embarrassed or too scared. Forget it. The money is rightly yours, it is owed to you, and you deserve it. You must take time out to go and get your money in. Money is the most important factor of business. In actual fact it's the life blood of business.

A client of mine once said to me that if he were to go round to those businesses or houses to collect his money, he would be bitten by the dog, filled-in by the son-in-law, shouted at by the works manager, and so on and so forth. After a bit of persuasion, he said he would go and collect his debts as I suggested. What happened? The dog bit him, he got two arms broken, and so much abuse was hurled at him that the air turned blue! NO! Not at all, all of that was his imagination playing tricks on him! In fact he collected a lot of money, he made satisfactory arrangements with the rest of the debtors, and most important of all, he suddenly had over £49,000 in his business account that had been permanently overdrawn for the last three years.



It is easy to get fobbed off when speaking over the phone. When you are actually standing in front of a debtor however, persistently asking for your money, he is usually only too willing to give it to you, or come to an arrangement with you. Remember, try to get a large proportion of the debt there and then, say 50% and then 20% per month for the balance. You will, I'm sure, be only too willing to collect the payment yourself each month, rather than give him the bother of mailing it to you. Remember the saying "Out of sight out of mind" and that debtors pay the creditors who make the most nuisance of themselves.

### **Was It Really Necessary That You Be Owed?**

**NO.** Under no circumstances should you be owed unless of course it is a function of your business to lend money. The only reason why you allowed these debtors to owe you money in the first place is because you thought it would help your business. It doesn't. You thought everybody did it. They don't. If they did, they would end up like you, chasing money that should already be in the bank, instead of getting on with earning some more. Successful companies have very stringent cash controls, credit controls and usually have full time collection staff to bring in money, on, or ahead of time. They have more than one finger on the financial pulse.

### **Make sure you retain your customers.**

What you must remember is this, should you get someone who will not pay you what he owes you, you have not only lost the principle sum of money, but you have lost a customer. I mean, he's hardly likely to come back to you for more goods if he still owes you money for the last lot. He will take his custom elsewhere, that is why it is so important when dealing with your debtors that you assure them that they can keep dealing with you, on a cash basis, although they still owe you money which they are paying back monthly. In this way you get your money back and retain a customer!



### **Can You Take A Debtor To Court Easily?**

Yes, but it leaves a stale taste in the mouth. What is the use when you can go round and see the chap and arrange a good deal with him, maybe collect 50% from him right there and then and then a further 20% per month? If you take him to Court, he'll probably get away with paying you back 5% per month through the Court and you'll probably lose his custom for all time.

It is rarely necessary to take a debtor to Court. Think how you feel when a Summons comes in, - bitter and resentful even though you do owe the money. But when a person comes chasing you, it only causes a moment of temporary embarrassment.

Should you have to take someone to Court see your solicitor, who will be very helpful in sorting out the necessary forms, first. But *think* first, can you collect your money and retain a customer, by using mouth and brains? That's business with Financial Kung Fu!

Now you've run rings around your debtors prepare to slaughter your overheads. Round four coming up.



## ROUND 4

# THE RUNNING BATTLE WITH OVERHEADS

I hear people talking about turnover, profit margin, contracts, sales *but never the overheads*. These are the most important items of any business, because the business could not function without them, I.e... the rent for the premises, the phone bill, the electricity bill. They maybe are necessary, but are often forgotten!

Fixed overheads include rent, rates, electricity bills, telephone bills, salaries, utilities, payments on plant, computers and equipment, and any items on monthly or weekly rental. All commitments that have to be paid weekly or monthly which don't alter. Loan repayments, insurance payments etc, can also be classed as fixed overheads.

It is important to write your weekly overheads down and see what the cost is on a yearly, quarterly, monthly, and then on a daily basis. Yes, a daily basis. Very simply, if we know what our overheads are costing each day, when the money comes in, we can take the overheads money out daily and put it to one side. So once goods have been paid for and overheads paid for, the rest must be profit, and if this is done on a daily basis ... you're in business.



Books completed monthly, quarterly or never at all is just asking for trouble. What does it say in the bible? "Give us our daily bread". Every day the books can be entered quickly and simply. The bible doesn't say, "Give us our bread at the end of the month". Daily bread demands daily books, simple ones, nothing complicated. A millionaire I know does his books daily and very easily. He says, "*If it was difficult I would not be able to do it*". He likes to keep everything simple. Take a tip and remember, "Bookkeeping" is the only word in the English dictionary with three consecutive double letters in it. That's how important bookkeeping is!

Unless you enjoy the worries that go with financial chaos you must start your own daily bookkeeping system: The most important factor of all is getting down all the overheads. Rent, rates, utilities, tax and insurances, petrol, bank interest etc. Everything!!! Rack your brains, it is important to know the overheads of YOUR business exactly. The next step is to ensure they are the *absolute minimum* they can be.

### **How Necessary Are Overheads?**

Let's put it this way, without them you can't operate, with them it makes it hard for you to operate. It's a paradox isn't it?

This is how so many people fall into the trap when they go into business on their own account in the first place. Take an example of a car mechanic. In the evening and at weekends he moonlights, you know, a service here, a repair there. Soon he is picking up more *on the side* than from his full time employment. The next step is he leaves his full time job and starts up on his own. I've seen so many go down this path; most of them expect to become millionaires overnight because they have already seen the money that can be made just by doing a few evening and weekend jobs.



But they don't make the money they expect because Monday, Tuesday and Wednesday they are making the money to pay the overheads, and if you want to be really honest about it, Thursday's money will just about cover Income Tax, insurances and accountants' fees.

One thing to undertake right from the beginning, is to keep fixed overheads to the absolute minimum, i.e. as cheap a rent as possible for the biggest place you can acquire for the money you have to spend. But far too many people discover these bitter truths too late, but not too late to change. The only thing that isn't reversible is death! ... But I understand there's a couple of chancers' trying to solve that problem and make their wedge... just kidding... So, I say again, if you're lumbered with a high overhead, whatever it is, reduce it. I have seen a 15 year lease totally written off and rents reduced by more than 70%. These things I have witnessed with my own eyes, been party to the negotiations, and the only factors involved were lip service, chat talk from the parties involved. I would certainly do some pretty talking to get a reduction in rent or a lease written off, wouldn't you?

### **Understand your overheads and the need to cut them?**

If we can reduce the overheads by 10% and the other figures remain the same, the net profit will rise by 10%, without selling more or working any harder. Many businesses are doomed to fail, because, no matter how good the business, it just can't cope with high overheads. There's many a business making real loot in ramshackle old buildings, practically tumbling down, with old-fashioned light bulbs instead of the nice fluorescent fittings. The only reason they are making real loot is because of the low overheads. There's many a business gone bust trying to keep up appearances in the high street with lights on all night long and numerous telephone lines, which I hasten to add, are sometimes used by employees to make private calls at your expense.



### **How, When and What to Slash!**

If overheads can be reduced, not only is it necessary, but it should have been done last week, no, last year, right rapid. The words that spring to mind are slashing, pruning, cutting back, ruthlessness, hatchet job, hard nosed and stop the haemorrhaging ... NOW! Overheads can cripple a business so quickly it's unreal... so slash EVERYTHING humanly possible. Let's examine *how* we can reduce your overheads so that you can start breathing more freely... by DOING IT!

### **Rent at the right price can give you a new lease on life!**

In the old days the key buzz word in business was Location! Location! Location!... These days it's more a case of Data Base! Data Base! Data Base! and that is good, because often you can operate profitable businesses, without being in expensive premises. Many a good business is now run from home with the main asset being a personal computer.

Chances are you are paying too much rent for your premises. Even if you are not; if you can get a rent reduction, so much the better. Have you spoken to your landlord? Have you explained your situation? Make an offer for the place. Another thing as far as rent goes is the way you pay it. Usually it is paid monthly or quarterly in advance. This will affect your cash flow and can often kill a business. Talk the landlord into accepting rent weekly, in advance. This is much better; you'll begin to breathe freer again. You can always shop around for new premises, the biggest place for the smallest rent, consistent with being a suitable site for the kind of operation you have. One thing is for sure, any reduction in rent is going to be most useful. Go to great pains to achieve it.



### **Rates can rattle you!**

Because rates have gone through the roof many people are now challenging the rates they are paying and there are many ways of doing this. Ask the authorities to measure the floor area and make sure that is what you are being charged on. Reductions have been granted because of lack of facilities such as not having a lift in the building, and also the general condition of a building. Many times they are reduced if the local council has made a mistake about the rateable value of a property. One thing to aim for is to have the payments made monthly or even weekly, instead of quarterly, half yearly, or even once a year. This can ease your cash flow. Part with your money in as small amounts as possible. Even if the local authority doesn't like it, you will.

### **Electricity Bills are usually shocking!**

A hundred things you need to list out here, need I tell you? Switch all the power off at night and during lunch hours etc. Use lower wattage bulbs, have machinery running only when really necessary and find different sources of heat. Economize anywhere and everywhere until you have reached the list of a hundred savings... but not at the expense of safety.

### **Telephone Bills ... who says talk is cheap!**

Phone after six in the evening and remember - you can't afford small talk on the phone. Phones are handy things for incoming calls and making appointments for you to go sell or negotiate with creditors.

Before you pick up the phone, THINK, what are you going to say that can turn the call into an appointment, into a deal or into money? If you are answered by an answer machine make sure you leave a message requesting the person to return your call and save you the expense of having to phone them again. Remember, by reducing your time on the phone, you will be cutting down your overheads, the most important item in any business.



Make sure you have telephone locks on your phones to stop unauthorized use. Consider a "money box" phone or alternatively have a money box by the side of the phone.

### **Are your employees dragging you down!**

In many cases employees can amount to the largest proportion of overheads and often it's a case of "can't live with them can't live without them". Can you do without them? Do they earn their wages and a profit for you? If not, get rid of them NOW. Don't think twice about it. If an employee isn't making you a profit there has to be a very good reason why they should be kept on. Better to be short-staffed, than have more money going out each week than you can ill-afford., **Qualify** every person that works for you - you'll be staggered. You might even find many employees are total liabilities, yet every company has them, they can be like blood suckers, draining the profits from one firm, and when those profits run out they move on to the next one. You can make real savings here if you put your mind to it, and don't let emotions, sentiment, and all that personal stuff come into it. If your employees are not earning you a profit, they have got to go. When? **TODAY!** However; before terminating the employment of anyone, be sure of the legalities. You don't want to end up in front of an Industrial Tribunal on a charge of unfair dismissal.

Above all, enrol your employees into your cost cutting campaign. Only then will they realize that they themselves and their colleagues will have to be more effective and more profit oriented if they are to remain with the company. Encourage them to come up with ideas and solutions. Motivate them with incentive schemes to encourage and inspire them to make valuable contributions about reducing overheads and increasing profits. Get them all to listen to these programs!



### **Slash your advertising bill by half *and* double your response!**

There's many a business spending a small fortune on advertising but not getting realistic returns. Are you? I can almost guarantee that if you stopped advertising tomorrow you would never regret it. When cigarette commercials were banned on television, sales still went up. Obviously, in some businesses you can't stop advertising, but in the normal run of the mill operation you will save yourself a fortune. Advertising is an absolute waste of money in 99% of all cases. The business that advertising brings could almost definitely have been drummed up for free. Remember, money is often used as a substitute for brains.

Advertising can be made to pay for itself if you know what you're about. Most people take three minutes or less to write their advertising copy, and then wonder why they're not stinking rich. Here is a success formula for advertising. If an advert is going to cost you £600 you must spend £600 of your time designing, writing, drawing and making your advert look sexy and eye-appealing. What's £600 of your time? Well, let's say the average national wage is £600 per week, so that's a week's work for the average man. O.K. so you're above average, so let's say one and a half days' work on a £600 advert. Did you spend that long on your advert, thinking through what you were trying to accomplish, how to make it pull, why should people respond to it? Well, if you didn't, you wasted your money. Perhaps now you know why you didn't receive the response you had hoped for.

### **Sundries can be slashed by 78 %!**

Over the past twenty years I have interviewed hundreds of people who have gone bust. I had many of them analyze their list of sundry creditors that they had at the time of winding up. On average it transpired that 78% of these liabilities were unnecessary expenditures and eventually brought the company down ... hindsight is 20-20 vision!



By no means have I mentioned all overheads, what I hope to have shown you is that they are there, they are subtle, and they are killers. Is some of your equipment on monthly rental a necessity? Question subscriptions to magazines, newspapers and newsletters. Are you having flowers and plants delivered, that you could do without? Can you do the office and window cleaning yourself? Can you do pick ups and deliveries yourself? Do you really need three cars when two would suffice? Is there any thing you can recycle? Do you need the photo copier when you have a local printer next door? Do you need the fax machine when most computers will take a fax through the modem? Do you really need so many phone lines and mobile phones? Anything that is absorbing money from your business is "Bad News". See if you can reduce it, or eliminate it altogether. Don't let personal feelings enter into it. Many liabilities in many companies can be concealed in such subtle packages that they can draw on a company's resources for a long time before they materialise into a liability. Take a long hard look before it's too late. As from today, you become an entrepreneur; it will sort out the men from the boys. Ask yourself, "*Am I an entrepreneur or am I playing pat-a-cake?*"

If you're serious, you will more than halve your overheads overnight. The only regret you'll have, is wishing you had done it sooner.

### **Putting it all into practice.**

Two really astute entrepreneurs I know used to make it their business to take over companies that were practically bankrupt. They used to kill off so many liabilities within a company in the first week they were there, that they soon had the reputation of being known as hatchet men. Usually, part-time workers would get the chop, depending on whether or not they made a profit. In many cases the regular staff could carry out their duties anyway.



They would sell as many fleet vehicles as they could, just keeping ones that were busy all the time. In taking over an insolvent company they had to stop cash haemorrhaging out of it. They stopped all the standing orders and direct debits at the bank, and when the aggro came in they used to fight it. Renegotiating terms and finding ways out of contracts and liabilities. Of course, this caused trouble, but the company was in trouble anyway, so this *extra trouble* really didn't matter. What did matter was that no money went out of the company unless it was by direct authorization of these two directors.

These disciples of mammon used to send a weeks rent off, every week in advance, knowing full damn well that it was meant to be paid quarterly in advance. If the cheque was accepted - all well and good. Sometimes the cheque used to come back with a letter emphasising the terms of the lease, "rent due three months in advance". They then took the money out of the bank, just as a precaution against spending the rent money, and then they put the cheque, the letter and the money in a box at home. Next week, they would send another week's rent off. Again the cheque would come back with a letter. Again they drew the money out of the bank. If these cases came to court, and only on rare occasions they did, they used to pay all the rent in cash to the court. They would then tell the judge they were not refusing to pay the rent, they were not even in arrears, and the court actually had the money. The only thing they would admit was the way they paid it. It never got them into big trouble, but this kind of attitude did eventually make them into millionaires.



These two entrepreneurial company doctors called themselves "turnaround artists" They would stop paying for everything that was on rental: i.e., display shelving, typewriters, computers, phone systems, tools, plant, machinery, equipment, you name it, they stopped the money going out. They would make every effort to re-finance equipment at better terms, many times releasing locked up capital that was in the equipment and by getting low rate packages by shopping around for the best refinance deal. Sometimes summonses used to arrive three months later, but by that time the business was transformed. Even then they didn't pay... only if they were forced to through a court. Then they'd only pay 5% or 10% per month, get the dog wagging the tail and laugh all the way to the bank.

I say one thing, here and now, I have never known a company of any kind or size, get out of debt, without fighting, aggravation, and cutting up rough. It always takes time, trimming, pruning, cutting back and of course you always have to fight. Again I say ... Financial Kung...right!

The signing of any legal document can incur you a liability and remember, our function in business isn't just to make net profit, but net profit free from liabilities. The worst of these are probably partnerships, leases, and H.P arrangements. I've seen them all burst wide open at the seams at one time or another, some being more difficult than others. The real solution is not to sign in the first place but of course this isn't always practical.

Financial Kung Fu daily routine:

- 1) Bookkeeping everyday!
- 2) Calculate overheads daily!



- 3) Calculate net profit daily! If your figures show that you're not even clearing your overheads, all the more reason why you should slash them.

I suggest that you take two large sheets of paper and write down the following headings: **IDEAS FOR REDUCING MY OVERHEADS, and IDEAS FOR REDUCING MY WAGE BILL AND INCREASING THE EFFICIENCY OF MY STAFF.**

Start listing your ideas! Review these sheets often and add more ideas as you think of them. To do this exercise properly you are looking at two or three days solid and intensive soul searching work, at all times being your own most severe, critic. Then to make it all worth while you have to brutally act on it ... without getting emotional and letting personal feelings come in to it. I'll hold your hand!

This round's over and you're getting leaner and meaner cutting down your overheads ... and it's not before time! When you come out of your corner for round five ... come out fighting for profits.



## ROUND 5

### FIGHTING FOR PROFITS

#### **Profit! Profit! Profit!**

With any business, all day every day, you are faced with decisions. Probably now more than; any other time you have to make more decisions, make them quicker and hopefully make them the right decisions.

One of the most astute business people I know faces many decisions every day. He uses one factor and one factor only to arrive at a decision, *profit*. Yes, profit. What will my profit be if I do so and so? Will there be more profit if I do the other thing first? Even if it meant hard work, trouble, aggravation, no matter what, profit was to be the decider.

As far as he was concerned, he was the only man in the world that mattered, and he was the only man in the world who was right. He was oblivious to everything and everyone. He had learnt the hard way. He knew the only function of his business was to make him money, not just turnover, but profit. How else in business can you decide what is right and wrong? Mr Midas used to get piles of work, letters, phone calls and all sorts of other requests on his time and his resources, but if there was no profit in it, he was simply not interested. In actual fact, he went as far as telling people "*not interested mate*". He would dump paper work, letters, *anything* that did not involve a profit, into the trash basket... his "circular file" he called it. His motto was "build the business first, clear up the mess later!"



He would not put in an appearance anywhere unless there was a profit, and he was also very selective as to whom he would have a meeting with.

### **Margin! Margin! Margin!**

The things that I am about to disclose are true. They are happening at this moment of time and I have witnessed them with my own eyes.

An owner of an extremely modern engineering firm who contracts to the Ministry of Defence, told me that the widget in his hand cost him twenty seven pence to produce, "*What do I charge for this item*" he asked ... "£2.70?" I replied - "*Wrong!*" "£27.00?" I would hazard a guess. "*No wrong again*" The price he charged was £270.00! He learnt about margin when he was in Germany buying some of the latest and most sophisticated computerized milling machines and capstan lathes ever produced. Of course I must mention that this component was a vital part of high tech military equipment and certainly had all sorts of holes and grooves punched in it by machines that cost a few million quid each ... but nevertheless the profit margin was still there.

A local building client of mine will not put material on site until he has 50% of the contract price from his client, furthermore he will not leave the site until he has collected the balance in full. He only learnt to trade like this because he nearly went bankrupt. This same guy has since bought a building plot for £120,000 then sold it for £950,000 as a development site, as soon as he got planning permission on it... He too has learnt about margin!

A mail order client sells his product, a printed manual, for £10 which only costs him 50 pence, whereas most mail order companies would buy at 50 pence and sell at 80 pence or £1 at the maximum.



A local motorcycle and car breaker obtains his cars and motorcycles for free on the assumption that it is scrap metal and no longer required by its owner. When he comes to sell the spares they are required by their new owners and that makes the spares valuable.

A local trader was discussing pricing policies with me and was saying he couldn't charge more for his service because the business across the road charged the same, and so did all the other local traders. You should have seen his jaw drop when I told him the enterprise across the road was just about to be wound up with debts totalling £370,000.

In your business your mind must be totally closed to other people's thoughts, actions or ideas. How do you know the chap *you* are following hasn't got £370,000 of debts ... or more!

### **The Percentage Game!**

This is what business is really all about... the real nitty-gritty. If your turnover is say, £10,000, your fixed overheads and wages £2500 and the cost of the goods that you sold were £2500 then you are on to a net profit of £5000, which is good, bear in mind that this sum is just to keep the figures simple. So you have £5000 to spend. Firstly, you have to live, and then you have to pay your creditors a small monthly sum. Also, you have to buy new stock, and then you should be building cash reserves for your business.

If you get the percentages right in your business, you've won the greatest game of all.

It doesn't matter what you are selling, whether it be goods or services, it is important to break down in percentages the incoming money to whatever category it belongs, i.e. stock or materials, salaries, overheads, net profit. This must be looked at and acted upon every day.



The margin is simply the difference between the buying price and the selling price, i.e. if an item costs £1.00 and you sell it for £1.50, the margin is 50p or 33%. If you buy an item for £200 and sell it for £700, your margin is £500. Obviously in business we want as much margin as possible. So many businesses fold up because they just don't have anything like enough profit margin in the products or services they sell.

Margin! Margin! Margin! You must have it, and it all depends what game you're in as to how much it will be. I.e. a greengrocer can expect a smaller margin than a hardware merchant, because he works on a daily turnover of product, whereas the hardware merchant can have items sitting on his shelf for much longer periods of time.

One thing is for certain, you can always increase your margin In whatever you're doing, one by buying cheaper, lots cheaper!, and two by selling more expensively, much more expensively!

### **What Is The Difference Between Gross And Net Profit?**

The profit in a business comes in with the turnover. The gross profit is what is left after the cost of sales. The net profit is after all the expenses, overheads and salaries have been paid.

Net profit is the only money which is yours to spend, and usually it is not enough. If you are going to survive it is essential that you get fully conversant with: - margin, gross profit, net profit, overheads. Think in terms of how much money out of each £100 that comes in is really yours to spend. Once you have had the rude awakening, you will then have a keen awareness about you... only then will you begin to make money... real money!



It comes as a nasty shock for most people to realize that out of all the hundreds of thousands of pounds that have passed through their hands and businesses, only a small percentage of that money is net profit. Most businesses are just breaking even... or worse... running at a loss... it is sheer bloody goonery.

Look, the whole function of you being in business is to make **EXCESS PROFIT**, and that's that! There is no purpose in just making a living, just look at the nearest high street; there are hundreds of people all just making a living. It is your right to expect **EXCESS PROFITS**, make sure you have got them.

### **How Can I Increase My Net Profit?**

By three ways:

- 1) Buying your goods at a cheaper price.
- 2) Selling your goods or services at a higher price.
- 3) Reducing your overheads.

All three have a direct bearing on the net profit.

**The Buying Price:** Here's an interesting thought for you:- The buying price, whatever it is, it is too high, look at it in that light. Remember, you tried it your way, and got into debt. There is always a better way of obtaining cheaper goods, materials or stock.



The more people you ask about cheaper goods, the more cheaper goods you get. Knowing what you want is half the battle won. Now you know you are paying far too much for your goods you can go about your business putting it right. It doesn't matter what it is, believe me, you can get it cheaper. It is your function in business to be the best buyer this side of the clock tower. Never be in a hurry to part with your money, because only around the corner there is someone just waiting to get rid of exactly the same thing that you want. If you can't get what you want cheap enough, don't have it. Shop around; find those people who are struggling to get rid of their goods. There are hundreds of them, because goods don't just get up and sell themselves, they have to be sold. So know that there's somebody who can't or doesn't know how to sell what he's got. Just so happens you can sell it, all you have to do is get it off him... for pennies.

Buying in bulk can often cut costs. Cheap goods can be bought from Taiwan; get the Taiwanese and Hong Kong trade directories. By travelling to different parts of the country you can often locate cheaper goods because of regional price variations. Develop the habit of going to auctions! Think Cheap! If you buy well ... you can always sell!

### **The Selling Price:**

Most likely you're selling goods too cheaply. You're in business to make a profit and its bad news being dictated *to*, either by people or circumstances. Here are some real life examples of some clients that have turned failure into success after taking my advice.

### **Used car salesman drives Rolls Royce!**

A used car salesman, operating a site not far from where I live, gets between £1500 and £2000 more out of each car by buying them in properly and then obtains a *higher selling price* as well. How does he do it?



He does it by "blagging," which is the car trade term for talking the price of the car down. He tells his punters that the car he is buying from them is the wrong colour and nobody liked that colour, making it a car that is hard to sell. He tells them that the year is wrong, because in that year there was a fault with the niggly gouger and the cars over steers, under brakes and makes more noise than a babies rattle. By the time he comes to part with his cash he has reduced the owner to tears and convinced him he should get rid of his death trap before its costs him his life. After spending an hour or two blagging he has definitely bought the car in at the right price. Then he goes about increasing its value even more by the way he cleans the cars, T -Cuts the body work, steam cleans the engines, meticulously cleans the upholstery, under-seals the chassis, paints the tyres, all cosmetics and all for pennies. When he sells the car, he sells it for top dollar, now that the car is in pristine condition. This guys a Financial Kung Fu master... he's also learnt about margin. The secret of success here; is that his massive margin comes from mouth work and elbow grease.

### **Local greengrocer creates green machine!**

A local greengrocer couldn't buy cheaply enough from the wholesaler, so he got up earlier in the mornings and bought direct from the market. Still, he wasn't getting enough margin, so he started growing a lot of vegetables at home and ultimately he set up his own small holding. He not only received the margin that he wanted, but he made a large fortune because everybody came for miles around to buy his home grown organic produce. He too learnt about margin. Massive Margin! The secret of his success was that he moved vertically *up* his industry chain. I.e. He went from being a retailer to producer / retailer.

### **Used furniture dealer collects antiques!**

A second-hand furniture dealer would clear people's effects from houses where there had been a deceased.



As well as the good bits and pieces, he would also take the rubbish and get rid of it, so as to leave a nice clean house for the new occupants to move into. He would buy the contents of the house, paying anything up to £150. I pointed out to him that *he was supplying* a service. Now, he charges £50 to clear a house. He's got a sign on his shop saying that he "buys junk and sells antiques" and this is reflected in the high price that he charges for quality pieces of furniture. Many of which he restores. Other pieces he specifically purchases from auctions, as he can now afford to buy them because he has an extremely profitable business. Since turning his business around, he now owns a sizable private collection of antiques. He too has learnt about margin and is happy polishing his Jaguar on Sunday mornings. His secret is that he has put a proper valuation on his service, which not only reduced his buying price but obliterated it!

### **Fence erector is now financially secure!**

A fence erector doubled his profits and he can justify his prices to his clients. He has overheads, men to pay, etc and he hasn't lost one customer, yet he's doubled his profits. He did this with the simple trick of offering security services to the companies he was fence erecting for, and many of his clients took him upon the offer. His success was that he moved vertically *down* his industry chain and added on an extra service to his existing customer base. Think of ways to increase *your* margin. Imagination is the key to success when it comes to increasing your net profit and I explain the power of imagination and how to cultivate it in my audio program, [TURBO SUCCESS...](#)

### **Panel beater changes gear!**

A panel beater and sprayer couldn't put up his prices sufficiently high enough to get the margin he wanted until I changed the name of his business. Yes!



We changed the name from Ordinary Panel Beating and Spraying Co to the High Class and Prestige Coach Works Company... Specialists in Rolls, Bentley, BMW and Porsche. The secret of the millionaire from Milton Keynes is by trading up class, in name only; he could justify and receive the increase in his prices.

### **Debbie's future is dazzling!**

Debbie struggled for years with her boutique until I explained to her about margin. Normally her way of buying was to travel weekly from Manchester to London and buy all sorts of exotic clothes from East End of London warehouses for her store. She operated on a 33% margin and her business floundered. After spending three hours with me she took on board Financial Kung Fu and went to town. She had a total re-think of her strategy and started buying very cheap clothes to which she would add designs, sequins, buttons, badges, belts and various other accoutrements that would take her products to a new dimension. Her margins increased to 300% and 400%. She was so pleased with her success she that started to buy used designer clothes that many times had only been worn once. Paying a fraction of the new price, she had them dry cleaned and then sold them for a small fortune, most times with as much as 600% margin. Debbie also went to great pains to make her shop look attractive and she also employed some attractive young staff, who were very attentive and she paid them commission on their sales. Debbie is now the proud owner of a race horse, a rose covered cottage and a brand new BMW 328 coupe. The essence of Debbie's success was increasing the *perceived value* of her product line! How can you increase the *perceived value* of your goods or services?



### **Pub owner takes to drinking champagne!**

Mike, on my suggestion, turned part of his regular pub into a discotheque, and you know how much beer per pint costs in those places. Mike, pleased with his success, also opened up a beer garden and a crèche for the kids. He started serving *exceptionally good food* and then organized quiz nights, darts competitions and other activities that transformed his dreary drinking hole into a fun pub that was the place to be. Mike has now opened a further three fun pubs based on the same theme. His real secret was adding many activities that cost him hardly anything, but made his pub a great place to go for a much broader range of customers, all of whom spend more than when they were just buying beer. How can you increase your customer base?

The list goes on and on. A cake shop - that turned into a patisserie. A mini cab firm turned into a chauffeur driven limousine service. An estate agent couldn't get enough profit out of selling houses so he started letting flats and developing building plots. In my early days I switched from selling new motorcycles with a 17% profit margin, to selling used motorcycles that had 170% profit margin, and when I finally had a wake up call from my mentor, Seamus O'Rourke, I started breaking motorcycles and selling second hand spares that returned 1700%. These people learnt about Financial Kung Fu!... What will it take to trigger an idea in your mind that will increase your profits... have yourself wake up a call ... do it today.

### **Think BIG ... Think BIG MARGIN!**

Most people don't mind supplying goods or services, but what they do mind is asking to be paid well. Most people hate it. They hate it because it's something psychological that has been with them since they were young. It's *not* embarrassing asking for your money when you value yourself. You must value yourself *highly* before your customers will. Success really is a mind game!



I can't think of *any* businesses that have gone bankrupt through overcharging, but I can think of *hundreds* that have gone to the wall through undercharging.

### **Selling products with warranties.**

If you were selling something with a warranty you need even more margin. This point being, if the device broke down after you sold it, the warranty would be called upon and you would be expected to repair it, for example, if a product costs you £2000, and you sold it for £2500, remember that the overheads, as in any business, would come out first. Now, if there is not enough margin in the deal and the product came back under warranty, the sale would end up making a loss instead of a profit. It's easy to See how many business go bust because they fail to calculate the cost of upholding their warranties.

### **The Profitable Spheres in Your Business**

This is an example of how another of my clients got out of debt and into money. Big money, I hasten to add.

Although Pete's business had a large turnover and plenty of work all the time he had large debts and never really got clear of pressure. I split his business into the different spheres in which he operated; you can do the same even if you operate a vastly different business. He owned a panel beating and spraying shop. A lot of the work Pete carried out was for the trade, the rest for private customers. I split his business into seven different spheres. They were:

- 1) Re-spraying complete cars for private customers.
- 2) Repairs on wings, doors etc. which usually meant beat and spray, for private customers



- 3) Chassis work
- 4) Small spraying jobs for the trade
- 5) Medium spraying jobs for the trade
- 6) Complete re-sprays for the trade
- 7) Welding top plates on suspension units to stop them coming through the bodywork

We then separated the man· hours spent on each job in these spheres. Then looking at how much Pete charged for each job over a period of three months, we worked out that he was earning up to four times the income on top plate welding, than any other sphere of his business.

I encouraged him to take a number of actions. First we stopped his normal advertising, and in place of this, inserted a small advert in Exchange and Mart stating that he specialized in top plate welding for suspension units. My thinking behind this was that there was so much profit in the top plate welding that just one job every three weeks from the advert would pay for itself. Beforehand, the money out-laid for advertising was not justified. This venture was a great success and the response from the advert was terrific. Pete ... the Greek Tycoon, as I now call him, began making a fortune by turning his mind to profit per hour. He became profit orientated by being very selective as to the use of his time.



I suggest you write down on a large sheet of paper the heading: "IDEAS FOR INCREASING MY PROFIT", then keep adding your ideas to this sheet as they come to you. Review and implement your ideas regularly. Act! Act! Act!

This rounds over, profits in your pocket and I've actually got you a few points ahead of the game! Now for the tournament of turnover!



## ROUND 6

### BATTLE FOR TURNOVER

Depending on what you are selling, there are many ways of increasing your turnover. You may be thinking of only the orthodox ways in which you can increase your business. Let me show you a few things that are being done by successful businesses at the moment. With a little imagination you may be able to adopt some of them into your business.

**Door to Door Canvassing:** Many businesses are generating revenues running into millions by having canvassers knocking on people's doors and introducing them to a product or service. Sometimes the canvasser just makes an appointment for a salesman to come round and then it's the salesman's job to close the deal. Double Glazing, Roof Insulation, Bathrooms, Televisions, Fitted Kitchens, Central Heating, Burglar Alarm Systems, Encyclopaedias, Office Equipment, and Life Insurance - all have been successfully cold canvassed. Most of these canvassers are paid by results only. Can you market your product like this? Remember, all the things I have just mentioned had to be cold canvassed for a first time once upon a time.

**Advertising:** Radio, Television, Newspapers. I've already discussed why people do not get good results from advertising, simply because they do not put enough thought into what they are doing. Also it is an expensive and lazy way of selling something. The chances are that if you are in debt you will not be able to afford to advertise properly.



For those that rely on advertising, THINK first, advertise second.

**Tele-sales:** Can you sell over the phone? Can you get a team of telephone sales people setting up appointments or selling your products for you? Can you utilize the phone like garages do, phoning in cars for re-sale, or on a sale or return basis. I used to do this when I was a motorcycle dealer. I would telephone classified adverts and invite bikers who hadn't managed to sell their motorcycles to bring them into my showroom whereby they would be sold on a sale-or-return basis. Estate agents phone private ads just to get another house listing on their books. Can you come up with a creative way of selling your goods or services on the phone...It's big business these days and there are a lot of telesales companies out there that will run a pilot scheme for you, for not too much money. If you are frightened of the phone, like many are, get hold of "The Golden Phone" a powerful treatise on telephone tactics and overcoming call reluctance, which is in my Millionaires Bookshelf Series...

**Leaflet Distribution:** Delivering leaflets to people's doors can usually bring in business, but sometimes the conversion rate is painfully low. It can be good if you obtain the leaflets free by bartering or for next to nothing by haggling and get a few local lads to do the delivering. Provided they don't stick half of them down the drain you should be able to test whether this is a viable way of creating sales. Lots of businesses do, including mini cabs firms, local restaurants, gardeners, window cleaners ... and why not you?

**Yellow Pages:** Just your name and number in there will definitely get you response, and a small display advert in the right section will do wonders. I have asked hundred of business owners through my consultancy what they think of Yellow Pages and most are overwhelmingly positive.



So many businesses don't advertise in Yellow Pages, it never ceases to amaze me. Definitely worth an entry.

**Name On Side Of Car Or Van:** This works to a certain extent. Put what you do, where you do it and your telephone number for best results. My philosophy is only use this method of promoting your business if you can have the sign writing for free or in exchange for services.

**Referrals and Networking:** The best and cheapest way to increase your turnover will be to have existing customers refer you to their friends and relatives recommending your products and services. If you give a small commission or gift for successfully concluded business, you'll be pleasantly surprised with how many of these "bird dogs" pull in regular business for you. The gift you give for a referral need only be a crystal vase, a bouquet of flowers, a book or maybe something more substantial if the business is worth it to you. Networking is a real buzz word and I often ask people to trawl their network of contacts and see what business can come out of it. Only last week I pulled in an extra £75k because I took the trouble to spend five minutes talking to a colleague about networking.

Another client of mine selling life assurances doubles the sales of his rivals, because he *tells* all his clients, that most of his business comes from recommendations. He tells each client this about three times in the course of an evening and he always leaves with referrals ... plenty of them. Subtle brain-washing!

**World Wide Web:** The Internet is booming and it has already been said that if your business does not have a presence on the World Wide Web then you're not in business. Within a few months of setting up a web site I had conducted hundreds of thousands of pounds worth of



business, DIRECTLY attributed to having a small presence on the web. Since this success I have now a major Internet presence. If you have access to the Internet come and visit my website on [www.ronholland.co.uk](http://www.ronholland.co.uk)

### **Special offers, discounts and sales.**

How unexciting and non original, but it is a fact that when a business has cash flow problems, usually on the retail side anyway the first thing that goes up are the sale signs. I love the story about the high street store that had a big sign splashed over the window exclaiming **FIRE SALE**, a few shops along the owner advertised **FLOOD SALE** and the guy between the two of them plastered his shop with a big bold sign saying:

**ENTRANCE.**

It is the principle function of business to get as much money coming in as possible and conversely speaking as little money as possible going out. But there is no function at all in having money coming in, if there is no profit in it. However a sale may create some cash flow and get rid of slow moving stock, at the same time create breathing space and time. In many instances in these books Mp3's and Cd's, there will always be arguments for and against. You must use your *initiative* and *instinct* and apply what you do to your particular business.

### **Closing Deals.**

Here is the most important aspect of closing a deal. It is not *how* you actually close the deal between yourself and the prospective customer, but "THE URGENCY AND THE NECESSITY". Most people in business let so many prospective customers slip through their fingers' because they just do not recognize the urgency and necessity to 'close these transactions.



Once you realize this you must do everything conceivably possible to close deals with everybody you come into contact with during your business, then and only then, can you start putting on the pressure, in a conversational manner, to close deals. Here are a few ideas to help you on the way.

### **(1) 10% Discount If You Sign Now**

The 10% discount you can offer on your goods or services can be cunningly concealed in the price. It's definitely a good incentive to get people to sign on the spot for their discount. The usual way of putting it is "If you sign now you will get 10% discount. The reason we are able to do this is that it saves us so much time and money in administration and the costs of not having to make a return call. Also 10% is a worthwhile saving".

### **(2) What Colour Do You Want?**

If you have goods in a selection of colours to offer your customers, try and get them to commit themselves by saying, "which colour did you want, red or blue?" Get them to make up their minds; don't give them an 'out' by giving them another alternative which you do not have in stock. Once they have committed to the colour the next obvious question is "How do you want to pay?"

### **(3) Have You a Pen, Or Would you Like to Use Mine?**

When helping your customer to commit to an H.P. or credit agreement, ask them if they want to borrow a pen or put the agreement in front of them and say "that's where you sign, but press quite hard so that it comes through on the duplicate." All these little touches close deals, remembering all the time if you don't sell you might as well not be in business.



#### **(4) Deposits**

When selling high ticket items your customers may need time to raise some funds. It is necessary to get them to commit themselves by giving you a deposit. So you can say, "Were you going to give me £100 deposit or did you say £300, or did you want to give me a third down and pay the balance when we deliver?" Once most people have parted with a deposit they accept that they have entered a contract to pay the whole amount.

#### **(5) When Do You Want It Delivered and Installed?**

Have your customers commit themselves, by choosing a specific date. You can say "Our van delivers on Tuesday and Thursday, which will be more convenient? Or would you prefer us to deliver one evening when both you and your husband are in?" Never make a close sound like one but always make it look and sound as though you are being helpful.

#### **(6) H.P. And Credit Facilities**

This is a handy way of concluding a business deal. You may say something like, "Most people make use of our credit facilities. We have five finance companies on our books; they can usually approve you in just 24 hours. Or is this going to be a cash deal?" If they require finance take a deposit and help them fill in a proposal form.

#### **(7) Assumption Close.**

Always assume that your client is buying, i.e. talk about delivery dates, what the product will be like in their possession, when they ought to have it serviced, what it will look like in their kitchen or what have you. When using an assumption close you can even start wrapping the products and writing up the invoice. Remember the URGENCY and NECESSITY to close the deal.



## **ROUND 7**

# **THE REALITIES OF KUNG FU BUSINESS**

### **The Instructions**

You are the Boss. Everything revolves around you. The people around you, your employees, bank manager, solicitor, accountant and your other professional advisors, are only as good as your instructions. If you yourself are not giving clear, concise and definite instructions, the actions of those people will not be clear and concise.

If you don't instruct your people you can bet your last quid that they are only doing what they think should be done. All this leads to inefficiency and lack of profitability.

### **Why Should You Set Up A Deal?**

Financial Kung Fu is the art of monetary self defence, not going to war. It pays to set up your deals correctly at the outset to defend yourself, and not go to war should your deals go wrong. With proper setting up of a transaction at the start, you will find it easier to make a profit. Remember that the function of your business is to make excess profit...without incurring liabilities.

Let's take an example of Jack, a client of mine who was a builder and losing money hand over fist. He would do a small job for someone and when he was finished, for some reason or other, in many cases his client would not pay him.



Not only had Jack spent a lot of time on the job but he had also lost the money which he had laid out for material. Now he sets up contracts on a proper business like basis, he provides his clients with his terms which are 20% of the contract price paid to him in advance, another 30% paid at the halfway stage on a big job, and the balance on completion. And when I say completion that means the minute it's finished, because remember you're not in the credit business. Of course, if you are really devious you put an extra 15% on the price and tell the client he can have a discount of 10% if he pays the whole amount in cash in advance. You make an extra 5% this way which allows a bit of flexibility in the estimated price. There's no point in working for free! In either of these cases he has his clients money with which to purchase the materials, hence reducing his liability to a minimum.

This same builder had also been making a loss on his jobs because he forgot that although *he* was on *his client's site*, he still had to pay the rent and overheads for his own workshop. He underestimated the prices of little bits and bobs involved in his contract, nails, screws, glue, tools that he lost, petrol, tax and insurance on his wagon and the cost of just getting his materials onto the site. He now takes as great pains on the initial contract as he does on the actual job for the client and makes a tremendous *risk-free* profit.

### **The Hip Pocket Roll**

This is how I describe the cash you must take out of your business every day or every time money comes in, and retain. It is most essential to build up a hip pocket roll, one that equals at least ten percent of the total of all the creditors. If you have £100,000 of creditors, you really want a hip pocket roll of £10,000... minimum. This money must be taken out of the business gradually and put to one side, in cash, at home, where no bank, creditor or anyone else can get their grubby mitts on it.



The function being a foolproof insurance that if all the creditors arrived at once they could all have 10% of the gross that is owed. Or alternatively, if one creditor arrived with the intention of making you bankrupt, he could be paid at the last moment. The hip pocket roll also has a psychological advantage as well. It makes you feel good, makes you feel strong, and gets you back in control, all of which help your attitude.

When you have taken the money out of your business and then stashed it away, sooner or later there will be a demand on it, not an urgent demand, but a demand all the same. In these circumstances it must not be touched. The simplest way to get around the problem is to *think* that you never had the money in the first place ... so give plenty of lip service to make the problem go away. The *only time* you can use your hip pocket roll is in the *eleventh hour* ... *that* is when the bailiffs have actually got the first item into the back of their wagon! ... Not before!

The amount you put aside must be adhered to religiously, usual 5% or 10% of all the money that comes in. Remember, it must be cash, and not put in the bank or anywhere where someone other than yourself can put a demand on it. The best place is the hip pocket.

Some very wealthy traders use the hip pocket roll system all the time, street traders, antique dealers, scrap metal merchants, cattle traders and 'used car dealers. These people deal in cash. They know the value of ten-pound notes. They know that with a big wad of notes they're on the top of their world. There are other really shrewd city gents who deal in cash, not just hip pocket rolls, but suitcases full. Money talks ... make sure it doesn't say "Good Bye!"



Maintaining your hip pocket roll helps you feel in command of your business. So many times the bank reduces an overdraft facility when the cash flow ceases. When you most need help it is not there. Don't be tempted to spend it, blow it, or pay any creditors off with it. Just keep building it up. Don't be depressed and impatient if it is only a few pounds to begin with. It will build into a serious wedge if you keep saving it, quicker than you can say "I'm holding folding" and remember the old Chinese proverb that says a journey of a million miles begins with the first step and as the shrewd east end traders say "Steady" won all the races, by plugging and drilling all day long. I'm not sure if it's true that in the West End of London they say the only way to eat an elephant is one bite at a time! But one thing is certain; when you start operating with a hip pocket roll, you'll soon realize where the expression "Cash is King" comes from!

### **Lip Service**

Believe it or not, lip service is going to play a very big part in your business from now on. I mean, lets face it, it's easier' and better to part with chat than money. Spend time talking to people about the things that they want to hear, nice things, pleasant things, tell them you like them. All the time keep pressing your hip roll further and deeper down into your pocket. Live by the business law of deep pockets and short arms!

Develop your chat and your personality, become Mr or Mrs Charisma!

"Get them to treat you like a real friend, not just a debtor or somebody that has stitched them up. Give your creditors all the blurb about how hard you are trying, how you want to pay them every penny you owe them. I can't impress upon you too much about the value of lip service, remember I wrote the internationally bestselling book... [Talk and Grow Rich!](#)



If you don't have money you might as well spend an hour or two, maybe more, giving lip service to who requires it. As the silver tongued Seamus O'Rourke told me on more than one occasion, "If you haven't money to part with, you have plenty of time and chat to give....plenty of it!" He was right!

### **The Value of A Pound In Business**

To a man in the street a pound is a pound and a fiver is a fiver. To you in business, a pound is worth much more, it is worth as much work as it can do or as much money as you can make it earn. Take for example, a greengrocer, who buys in the morning a pound's worth of apples. By the end of the day he has turned his pound into £1.50. The next day he has £2.25 and so on. On the other hand, say a county court summons comes in for £190. Now, £19 i.e. 10% will get the creditor off your back. If you gave him £190 he would go away, yes. But he will also go away if you give him, £19, so really £19 has done the work of £190. I know more than five millionaires who started with less than £50 and I know hundreds of successful people, not quite millionaires, who started with even less. Remember, money is inert matter; it is just little bits of paper. The real things that create money and success are ideas, brains, mouth work and action. Never forget the ACTION!

### **Communication the key to success!**

The thing that all your creditors hate the most is lack of communication. That is when they write letters and don't get a reply or phone you and you're not available, or make an appointment and you don't turn up. You must communicate. You must put in an appearance; you must bravely and squarely face them all if you are going to succeed. How are they to know that you haven't already gone bankrupt or even skipped the country? If they think that, they might just as well take legal action. No, the solution is simple, communicate.



If you write, you must always make offers of payment. If you go and see them, you must be punctual and confident. If the creditor is confident that *you* are confident, he will agree to what you say. If he thinks that you are on your last legs, he'll eat you for breakfast.

The number of times people dig themselves deeper and deeper into debt though fear is beyond belief. In actual fact, you will find that you are much happier once you have discussed your problems with your bank manager, creditors, local rate authorities etc. The biggest problem in most cases is the uncertainty of the future. The possibilities flash though one's mind, bankruptcy, the official receiver, they'll take my car and repossess my house and people will think I'm a fool. All this built-in anxiety and fear never helped anyone. If you face the issues head-on you can see a successful picture being completed, you can then start working yourself out of debt and feel good about it.

A lot of people realize that they are in financial difficulties, but don't take the practical steps to solve their problems, either they are too lazy or they don't know how. You must have the basic knowledge that your primary success of saving your business comes from pacifying the creditors. With this in mind, it is in your interests to get up and go see the creditors, write to them, phone them, above all COMMUNICATE WITH THEM!

### **Don't be Intimidated By Anyone**

This is the big thing, intimidation; final demands, red letters, solicitor's letters, summonses, phone calls, all this sort of thing can really drive you mad if you let it. Slowly and calculatingly examine each demand. You should be the one to decide as and when which demand is to be paid. OK so you've made a few mistakes, the creditors are going to have to bear with you for a while until you get back on your feet again.



Many business owners get solicitors to write letters of warning, but in the same breath these people tell their solicitors under no circumstances to actually sue. All they want to do is frighten you. It doesn't work, because you're learning quickly about the realities of business. The time to worry is when the bailiff is actually physically, carrying the goods away, not a minute before. But even then you should not worry, just get your hip pocket roll out and give the bailiff as little as he will take to make him go away. Even summonses should not scare you..! call them Paper Tigers... get legal advice if necessary, but don't let your solicitor talk you into making a bigger offer than your nominal 5% or 10%... what does he know about getting out of debt? Know that Financial Kung Fu Masters are not intimidated by anyone!

### **The Legalities**

This is the easiest bit as far as you're concerned. All you have to do is ask your solicitor. When a High Court Writ arrives you have to enter an Appearance at the High Court, and then file the defence. Usually, if someone has taken out a High Court Writ against you they are really after your blood. Your defence wants to be of real substance, not wishy washy. Work out what your defence is and get your solicitor to file it within the given time. I have seen cases adjourned, and adjourned again and valuable time gained and even dismissed by a good defence. The plaintiff will really have to come up with some good proof if he is going to win. One thing is for sure, time is what you need when you haven't got money. An offer of a monthly payment must be made in the final outcome anyway.

Find out what your solicitor is really trying to tell you; so many times people sit in front of a solicitor, legal adviser, accountant etc, and they just do not understand what is being explained to them. If you do not understand, ask the solicitor or other adviser to re-phrase what he has told you, tell him to come down to your level.



If they don't, get someone else who does talk your language.

Ask your solicitor or the local Citizens Advice Bureau to explain procedures, and exactly how you stand with different writs, time limits and the best approach for your defence.

### **Fairyland.**

Yes, Fairyland. Let me be rude and harsh just for one minute. That's where you have probably been living and many other people as well. Know that if you keep spending the turnover, instead of just the profit, your business will end up in trouble. Most people live in Fairyland, they kid themselves that they are doing all right, and spend way beyond their means ... then the big crunch comes.

The point is this, if you have been living in Fairyland, that's all over now. Come down to earth and start being realistic. You must be careful never to return to Fairyland. You must never think it is going to be easy to do the things you have to do to get out of trouble. You must start thinking logically and practically, not merely wishing and hoping - that's Fairyland. Most people in business spend the money they need, hoping it is profit. They are not realists. If a creditor really pushes you when you have no money, he's living in Fairyland, and you'll probably tell him so ... won't you!

"Business with Financial Kung Fu is practical, logically manoeuvring, every day doing a bit of work to progress, fire fighting, fending off creditors, taking in money. Business isn't sitting on your backside, hoping, wishing and living in Fairyland.

### **Unravelling Partnerships**

Ending partnerships is always difficult. One of the best ways to get out of a partnership is to have a new venture to go to.



Then you can sit down and have what I call a "commercial conversation" with your partner about how the two of you will untangle from each other in the most ethical manner. Sometimes it can be far from harmonious but needs doing anyway so that you can get on with your life and with your business in a manner that suits you and doesn't restrict your thinking and new business activities. I suggest that you share this material with your partner and then decide if you both want to walk the same path. I have nothing against partnerships, as long as it's free for each one to do his or her own thing and the understanding is clearly written down on paper and signed by both parties. Remember verbal contracts aren't worth the paper they are written on and it has been said that the only ship that never floats is a partner-ship.

### **Self Sacrifice**

I get annoyed with some people; they realize their wrong doings, they realize they've been spending the cash flow not just the profit but they will not make the sacrifice that is necessary to put themselves on an even keel. The first thing to go should be the big car. Next is the smoking, drinking and the occasional bet. Yes and that means the lottery and pools as well. You're in business now and it's time to learn the value of money. I appreciate that the fags and the occasional bet is the only bit of relaxation you may have, but it will do you good to learn a little self discipline. When you are making a good profit I would be the first one to advocate spending some profits. Giving up all these luxuries is self sacrifice. Never mind keeping face or keeping up appearances, there will be plenty of time for that, when the *big* money starts to *flood* in... and it will!

### **Learn how to allocate funds.**

When I was at school, one of the kids used to sell guinea-pigs for half a crown. He insisted we bring the money to him in sixpences, five in all for those who don't remember pounds, shillings and pence.



I got my guinea-pig, he got his five sixpences.

My sister and I had a few from him and so did our friends. It intrigued me for a long time as to why he wanted the money all in sixpences and one day I asked him. He had a money box with five slots in it, each slot leading to a different compartment. One was marked *Holidays*, another *Pet Food*, another *Savings*, another *Sweets and Comics* and the last for *Projects*. You see, at the tender age of eight he had learnt to split his money into the categories to which it belonged. This little beggar always had the best bike, the best cricket bat, the best model aeroplane and best fishing rod. He learnt very young and if he's keeping it up, he's probably a millionaire by now.

### **Consolidate**

"To make solid or strong, to unite, to grow stronger," it says in the dictionary. Getting out of debt causes us to consolidate. We must gather our strength, pay our debts, build up our cash reserves and stop expanding.

Any expansion program brings with it an increase of overheads. So many businesses expand before the efficiency of what they already have is at an acceptable level.

It is impracticable to expand when you have debts, overdraft problems, cash flow problems and so forth, but the number of businesses that do and fail are legion.

It is very easy to think that expansion will bring in profit. However I have already explained that by reducing your overheads, wage bill and increasing your selling price and reducing your buying price you can really bring about an increase in profit.



A retailer who had seven retail shops consulted me some years ago. Although his turnover was high, so were his overheads. Now, after acting upon my advice he is netting as much profit from one shop as he was when he had seven.

Before you can do anything in the way of expansion you must be strong, you must have cash behind you. Borrowed cash is not strength, it's financial suicide. Time and time again businesses borrow for expansion programs and fail. You must have no debts, this builds strength and confidence. Believe me, it is real fun getting a colossal net profit with a tiny overhead, and no fun at all having a colossal turnover and at the end of the day discovering you have a loss.

A consolidation program might include moving into smaller premises, or cutting out dead wood in the way of staff or sections or spheres of business that are unprofitable. It might mean closing shops or factories down to let the profitable ones breathe and make profit. A business that is in debt cannot afford to carry anyone or any overhead that comes from another sphere or business that is not making a profit, or directly responsible for making profit.

### **Are You A Realist?**

Do you really think that you can get out of debt without a struggle or self sacrifice? One chap really had a problem. He was pacing all the creditors, increasing the turnover, reducing the overheads, the lot. He knew once he had cleared the backlog of debts he would have a good business. He had one problem. The Landlord was owed about £3,000 for arrears in rent. Other than this he was fine. However they were getting impatient and had threatened to put the bailiffs in. He racked his brains. The answer was obvious and staring him in the face.



He could sell his executive car and pay the debt, but his chap didn't want to because he thought his neighbours would think it rather strange and he would have to walk to work. What a pity! What happened? He didn't sell the car; the Official Receiver sold it for him. Now he has no business and no car!

End of round seven. You did really well, now get ready to leap out of the rut of debt and start kick boxing in round eight.



## ROUND 8

# KICK BOX YOUR WAY OUT OF THE VICIOUS CIRCLE

Yes, your vicious circle! Being stuck in the rut of debt for some time probably means you have a vicious circle in your mind, life and business. Therefore, you must establish new ways of thinking and also break into new ways of trading.

### **Ideas ACTED UPON equals Money**

Are you beginning to think differently from what you have been accustomed? Let me see if I can stimulate your imagination a little. Then use the stimulus to apply *your* ideas to start or improve your own business.

The clean air laws are putting a lot of money into people's pockets, especially in Japan and America, what can you offer? People are getting more and more concerned about petrol economy, can you help? What about pollution of the air, rivers and streams, as well as our everyday Environment? What about the cars that are being scrapped every day, what about the trend these days to recycle things, newspapers, bottles, scrap metal, sewage, car tyres, can you see an opening? What about a community that is becoming health conscious? Health foods and exercise equipment are now in great demand. Can you get excited and make a wedge?



What about during depressed economies? People then need moral support as well as financial support. What about space probes landing on Mars? The Internet, Smart Cards and Cyber Space? You probably read recently in the national press that I made a small fortune out of smart cards! What can you get passionate about...and turn into gold for you and yours?

Is our society worried about the shortage of food in the future? Maybe some research will throw some light on an angle for you. Also, birth control, winning the lottery, mugging and violence are on many people's minds. Can you offer some advice ... at a price?

People smoke and drink a lot, others gamble, some take drugs, can you offer a substitute and make millions? People are having to cope with different kinds of emergencies, atomic plant accidents, motorway crashes, Jumbo-jet crashes. Can you help on safety aspects? A person looking into the future just a little, can see potential. Are you getting the picture? Can you exploit the situation? Can you make a profit? What is your business now ... what can it be? Can you adopt a new attitude in your life of "Go where the money is ... and make it yours?"

What about the racial problem? The shortage of jobs, the shortage of houses, believe me if you can come up with a really good idea there are a thousand people or more who will sponsor you or buy the patent outright from you, you need no capital. People who become stinking rich do two things. They become passionate about a product or service. Then they use other people's money, OPM, to kick start the operation into life. You must do the same. Remember, early on in this material I talked about borrowing to get out of debt...an absolutely ridiculous thing to do. What I'm talking about here is borrowing business-start-up money or preferably selling some equity in your new company for a part of the action.



Whichever way you play ... OPM is the way! Get into action with PASSION!

Heart transplants, plastic surgery and complete limb operations will soon be commonplace. More cod wars on the horizon, does this mean we will soon see the fish and chip shops replaced by even more chicken and chip shops, or has it happened already? The BSE scare, does this mean even more chicken or can you think of the next fast food trend? Billions of pounds are spent on food ... can you divert some of this cash into your pocket?

Many people are taking up fishing, golf, amateur radio, others are going in for drag racing, hang gliding, wind surfing and motorcycle racing. Can you make sport safer, cheaper, more exciting ... and make a million along the way?

Why do we need Samaritans, Alcoholics Anonymous, psychiatric hospitals? Is our society lacking something? Why do people commit suicide, are they looking for or needing something that you could provide? Perhaps something as simple as a friendship club.... could give you good cash flow. This sounds so good I might try it myself ... hey why not?

What of the congestion in London and the other big cities? What of religion, sex, drugs? The scares about lung cancer, AIDS and asbestos poisoning? Many people are taking up yoga, meditation, martial arts, others are taking up alternative therapies and medicines. Can you make lots of money teaching Financial Kung Fu? I make a packet...but there's room for more players!



Thousands of brains leave colleges and universities without having a job to go to. We have seat belts in cars, crash helmets on motorcycles and still people get killed in road accidents. Can you help ease the situation, maybe some small idea that someone else has already thought of, but you will activate? Why do couples go to the pub for a drink in the evening, most of them look bored silly, perhaps they have no other kind of place to go within their budget. Can you entertain them ... and make yourself a bundle into the bargain?

What about the difficulty people have in meeting members of the opposite sex? These computer dating firms are making a bomb. Matchmaking on the Internet is taking off! Can you profit from doing a bit of matchmaking ... spin off a new idea... matchmaking for business, perhaps? Are you stimulated yet? Take note of the thoughts that have crossed your mind and activate those thoughts. It's time you started holding folding!

Most people think about sex at least ten times a day. Most people think about money at least three times a day. Newspapers are run by business people, they print what you want to hear and thereby increase their circulation. Is there a link here? If not, can you create one and make yourself a waddie at the same time?

Don't believe all that you read or are told. Use your own mistakes as a foundation for making future profits. Use your eyes; someone is making a lot of loot out of pop music, pop festivals, those big platform shoes the girls are wearing, and various designs of long and short dresses. Others are making billions from cosmetics and fashionable clothing.... there's plenty of room for another player! Get rich and smell good at the same time!



Use your imagination; do not be scared that your idea will not work. It certainly won't if you think negatively. Just keep on plugging away and activate your ideas. When you have nothing to lose but everything to gain, activate, activate, activate... If not you – who?!... If not now – when?! Most people are scared of their own shadows... the only time I'm scared of my own shadow is when the shadow is wearing a hat and I'm not. You can't afford to be scared of what other people think or do. You must take time off, step outside yourself, and do what has to be done. I had to take precious time off to script and record these programs. Hundreds of people have thought about writing a book or audio program like this one, but only a few people have actually seen it through. Of all the mad schemes I have tried 80% have come off, some better than, others. The ones that didn't I knocked on the head very quickly, before they dragged me down into the mire.

To break the vicious circle you must:

1)Get passionate about a product or service that you can turn into cash. Have a mind tightly closed to anything or anyone who is opposed to your new idea. Don't tell anyone is the best bet.

2)Before putting anything into operation, write down the pros and cons and try to streamline them the best you can. Be careful not to over analyse because it will sort itself out once you've started. Remember analysis will lead to paralysis!

3)Start the idea with Other People's Money, OPM, or sell some equity in your new company to someone who'll help you get started. Under no circumstances chicken out... most people do!



4)Get into physical action as soon as possible after the idea has been conceived. Even the simple step of getting letter heads and business cards printed will have the effect of turning *your* idea into reality.

5)If it doesn't turn into a green machine quickly ... go back to the drawing board and start again and again and again if necessary! Until to you click into money making.

### **Why Haven't You Done It Before?**

Excuses are now a thing of the past; you're not interested any more in excuses or anything for that matter, except profit, ready cash.

Perhaps you used to be a little embarrassed asking for your money, you used to blush at having to talk business with people you thought were out of your league.

Nobody's out of your league in business, you show me a person that's got more than two legs, two arms, two eyes and a mouth and a brain and only then *maybe* I'll believe you. The only reason why people are different in business is the way they THINK.

If you haven't got your thinking right... change it! What I'm saying is that we're all equal, you can go up to anybody, whoever they are and put forward your proposition and your ideas.

A person is only as big as he THINKS! If you were to write down your thoughts, ideas, and dreams and activate them immediately, you would be in a very different position from what you are now.



Have you ever been belittled, have you ever been laughed at, have you ever had the thought that somebody was talking about you or thinking how stupid you are? Of course you have, all these things and more, everybody has and nobody likes it. Just work hard to achieve your goals that these other stupid individuals think are unobtainable.

Try and associate with those people you admire. Good business people, good talkers, good salespeople ... model them. Their voices, catch phrases and the way they gesticulate. *Emulate the great!* If you don't have role models go and find some. They are everywhere.

### **Beans, Bannocks and Bacon.**

Anyone who has been a boy scout or girl guide knows about beans, bannocks and bacon.

Now we're in a different world. You're in a business that's in debt and not making money. Are you faced with the three B's.... Birds, Booze and Bed? You're laughing already but it's true. If you're guilty of any of these three crimes your business will never get off the ground let alone out of debt and into the money.

If you've got girlfriend or boyfriend trouble, take pains to sort it out very quickly indeed. It will distract your mind from business more than anything you know. So it's up to you really, your instinct tells you that you should be thinking about your business more and less about the opposite sex.

If you're a boozer... get some help. You should have enough evidence behind you now to realize any problem in business is not unsolvable. But if the problem is your drinking habit you have to do something about it now! Boozers are losers!



### **Supply And Demand**

Economics revolve around supply and demand and so does the success of your business. Are you selling a service or goods that are no longer required? In the days of the coal and wood fires the chimney sweeps were in demand; now with smokeless fuels and gas central heating, they are not. Are you trying to sell something to only a small proportion of the community or have you got something for everyone? Is your nearest competition next door or 100 miles away? Or perhaps you have no competition at all. Bend your mind to creating a demand for your product or alternatively to locating a product that is in demand.

### **Being A Doer Gets Things Done**

You're not going to like this, but from now on you must religiously do two nasty jobs every day. Everybody has jobs they hate, jobs that tend to be pushed to one side and not completed. What happens is that they accumulate into insurmountable problems. You will find that by attacking two "hate" jobs everyday the pile will be reduced to nothing. These jobs come in many forms. For some one it could be the task of writing letters, perhaps to a creditor. For others it could be a visit to the solicitor or bank manager, filling in V.A.T. forms and Income Tax returns seems to be a pet hate.

Be a doer. Write a list of *all* the jobs that have to be done. It's no good attacking the list with enthusiasm and then giving up half way. It must be carried out with painstaking precision. Each job in the order of the list. Sooner or later these things will come to a head so you might just as well coolly and calculatingly work through them.

By being a doer you can activate other things and other people as well. You will find that as you are busy doing, others will join you. If you can inspire them into doing equally constructive work, your battle is won.



Delegation and team work is such a big part of business it is hard to realize why people don't liaise more with each other.

By becoming a doer you will soon see other little jobs being completed. Paper work is up to date, windows cleaned, clients seen, and office sharp and tidy, shelves neat and organized. Delegate responsibilities in your business. Team up and double your output. Yes you can start becoming a doer by becoming one now! That's your first lesson as a doer.

End of round eight. The vicious circle certainly had you running rings around 'em ... keep it up ... victory is in sight.



## **ROUND 9**

### **YOU'VE ARRIVED ... YOU'RE A FINANCIAL KUNG FU MASTER!**

By taking positive action to get out of debt you're already making big steps towards getting into the money. Now you are not purchasing goods on credit, borrowing money, or incurring debts or liabilities; you have reduced the overheads and wage bill, so your business is already becoming more profitable. You see by getting out of debt, you automatically get into the money. Remember the age old saying, "with every failure comes success twice the size of the adversity... IF YOU LOOK FOR IT".

Are you looking for solutions, both consciously and subconsciously? The real joy comes when the last payment has been made to the last creditor. Once this is done a spell of consolidation is required, once again to build up even more cash reserves.

The next step to make more money is simple, if you remember what you have learned in the past. So many times people have parted with ten or twenty thousand pounds for a lease on a shop or business premises. They lose their working capital before they even start. They don't even give themselves a fighting chance. A better scheme in that instance would be to hunt round for suitable premises and rent them on a weekly basis for as little as possible and retain your capital. At least this way you have a fighting chance.



How do ordinary people become millionaires? One thing is for sure, they do not spend all they make. It is logical that to become wealthy you must save your money, because if you spend it you will never have any. I spell it out like this in the simplest of terms because even some really bright and intelligent people spend money as though it had gone out of fashion. These people earnestly believe that one morning they are going to wake up and be rich. That is illogical. It is rubbish. Money has to be earned, and then saved, only then will it accumulate. If one is to become wealthy a savings plan or campaign must be devised then adopted. If you are following the instructions of Financial Kung Fu to the letter, there should be no real demand on your money. You should be able to save and accumulate wealth.

### **Wetnicks**

Wetnicks are dead from the neck up. Every day that goes by brings you into contact with a wetnick. They tell you everything you are doing is wrong, 'everything that you are going to do in the future is impossible. Wetnicks are usually recognized by the fact that they have nothing and are nothing.

Every time you tell a wetnick something they snigger or say "*You must, be kidding.*" Wetnicks can bring clouds of depression and despondency over the most confident of people... if you let them. You must have an appreciation of wetnicks so that when you meet one you can steer clear. If you know they are about you, you can avoid them. Your mind must be absolutely closed to them. If you talk to one of them for too long you'll soon be wondering if he's right. He will plant seeds of doubt in your mind. He will destroy all ambition and initiative if you let him. Wetnicks feed like vultures on the failures and disappointments of others.



Wetnicks are always wrong; they all have negative thoughts, emotions and actions. Recognize them the minute you talk to them, close your ears and mind to what they say. Wetnicks bring sudden death. Avoid them like the plague. All people who succeed are positive in everything they say and do. They give hope and encouragement, ideas and enthusiasm.

### **Faith**

*"How can I have faith? All these debts, no one will lend me money, everything is going wrong."* How can you have faith with that attitude? Do you think somebody owes you something? If you do, I'm afraid you're wrong. The problems you've got are of your own doing and with a lot of the kind of faith you had when you first started out, you'll be fine again. So have faith in a positive outcome for yourself... like the old Scandinavian proverb says "Faith is a bird that feels dawn breaking, and sings while it is still dark."

When you *first* started out in business, the last thing you thought of was debts and problems, you were looking forward to working on your own initiative and making some money. So the minute things go wrong you lose faith. The joke is that you're the only one who's lost faith. The people around you haven't. Ask them. See what your spouse says. See what your employees say. Ask them if they will go along with all the new schemes that you are about to undertake. Of course they will. They still have faith. To gain absolute faith in yourself and your business ventures you really should buy a copy of my book or audio set called [\*\*ESCAPE FROM WHERE I AM\*\*](#) which is part of this Millionaires Bookshelf series.



## **Hope**

When you are dealing with creditors it is most important you give them hope. If they think there is no hope they will not go along with you. All the time there is hope they will.

When you are selling your goods or your services, it is very important you sell them with hope. Your clients must hope the goods you sell them are what they require or be of some benefit to them. If you don't sell them hope, they will not buy. Hope is something you can sell all day long, and it costs you nothing to be enthusiastic about what ever you are selling.

## **Charity**

A friend I knew a long time ago was on really hard times. He had always advocated that there was a time to take and a time to give. His business was bankrupt, he was out of work. He was living by selling a few old mirrors he had scrounged from somewhere; he was practically penniless. We were in Leicester Square when we were beckoned by a man of the road. It was a freezing cold evening and beginning to drizzle. My colleague put his hand in his pocket and took out all the loose change he had and gave it to the vagrant with a smile. Later on he told me "*At least I had a place to sleep that night and with a bit of luck, I might even have earned some money the next day*". What chance had the vagrant of getting a job? His mind was clouded with meths. At least my colleague had all his faculties. This chap is now one of the top names in script writing, writing sitcoms and jokes for some of the country's best known comedians. Remember there is always a time to give and a time to take.



### **Strike The Balance**

What has happened in your business and domestic life in the past must not be forgotten if valuable lessons are to be learned from your mistakes. Taking money that is not profit out of a business is like milking a cow to death. If you milk a cow and do not give it time to graze and chew the cud it will surely die.

At the same time many business people do not take enough money out of their businesses. If you don't prune a rose bush, it becomes a tangled mess and the old branches and stems draw valuable strength and moisture from the new stems and buds. Remember all too often the money in your business maybe doing jobs which brains or hard work should be doing.

It is fatal in either case to take too much or to take too little from a business. You must strike a balance. How to do that is easy. You must know your business, overheads, wage bill, gross profit, net profit and cash reserve. Only when you *know* your business, will you be able to get the balance right.

### **There Comes A Time**

It doesn't matter how good you are, there will always come a time when you meet someone you can't deal with. He may be a customer or a debtor or maybe a creditor.

In any case I would never advocate giving up easily but you must recognize these people quickly for profit's sake. I know I say go and get your money or go and make a sale but believe me there is no profit in wasting excess time dealing with non-entities. You must have a basic knowledge of psychology to be in business. You will soon realize that some people are nice, some not, others genuine, others rogues, some with inferiority complexes, and others with superiority complexes. Some you can deal with, some you can't.



### **Stick to the principles.**

You now have something to work on, with the principles in this audio program; I have given you the guide-lines to success. Merge this into your own philosophy and use these principles in a way that suit you best. By now your mind should be stimulated to come up with hundreds of ideas about getting out of debt. Activate these ideas with enthusiasm. Remember it's going to take time to get out of debt, it's not something you will be able to rush, but most of all if you stick to the principles you will never again have to clear a backlog of debts. If you have the will to succeed you will get out of debt and into *money ... big money* I hasten to add

No matter how big or small your problem is, the principles in business and personal finances do not alter. Whether you are a small grocer, a large garage, a small workshop or a large factory, a retailer, a service provider or an employee study this material over and over again.

### **Congratulations!**

This is the end of round nine! You may have lost a few battles in the past... but you can win the war. They say winning isn't everything ... but as far as I'm concerned it's the only thing and with this philosophy you will win over and over again. There's a lot of information here and like the young lad said when he stuck his spoon into the melon, "*there's more in this than meets the eye*".

Now that I'm done, one day you will ask ... "*Now that I'm out of debt and have a lot of money what should I do with it?*" ..... My standard answer.... send me 10%!



## **AFTERWARNING!**

Before putting any of the proposed ideas contained on these programs into action, get yourself a good lawyer. Find one who specializes in your type of problem. Somebody who handles debt problems day in and day out will be able to give you the right answers and give them to you fast... those answers will not only save you money... but they will make you money, and may even save your bacon as well. Get a busy lawyer, because if he's busy he's probably also successful and if he's successful he's probably been keeping his clients happy ... and that's what you want to be ... right!