

## TAKE A NEW LOOK AT YOUR OLD BUSINESS PLAN

Most successful businesses start with a formal, written business plan. But the plan is not just words on paper, or a summary to file away once your business is running. Periodically reviewing and adjusting each section of the original plan can help you prepare for risk and ensure that you stay on a profitable path.

In fact, many experts believe that the value of a business plan is not just the plan itself, but also the *process* of developing it. Updating a business plan helps managers and owners check assumptions, spot potential risks and communicate better about their businesses. And they have a persuasive case at the ready if additional funds are needed. A fresh look may also spark new ideas, or raise important questions, such as: Has the market changed? Are income projections on target? Has the focus of the business shifted?

### Business plans make the case

When you review your plan, remember to think of it as a tool for selling your business—to yourself, prospective employees, and importantly, to banks or investors. Most business plans accomplish this through concise descriptions of the following topics:

- Executive summary or mission
- Business description, including legal structure, location and brand
- Products and services
- Pricing structure
- Analysis of the market and customer profiles
- Industry overview and competitive analysis
- Marketing: advertising, sales, distribution and timing
- Organization: owners, managers and other key roles
- Risk assessment, insurance and security
- Funds required and their uses: rent, parts and materials, and overhead
- Other financial documents: monthly cash-flow projections, balance sheet, profit-and-loss statement and a break-even analysis

### Get expert help with your plan

In-depth descriptions, advice, and financial worksheets for developing or updating a plan, as well as real plans from well-known companies, are readily available. A few sources to consider:

- *How to Really Create a Successful Business Plan*, David E. Gumpert, Lauson Publishing, 2003
- *Ernst & Young's Guide to Producing a Business Plan*, Ernst & Young, LLP, Wiley, 1993
- *Business Plans Handbook*, edited by Lynne Pearce, Thomas Gale, 2004
- U.S. Small Business Administration, [www.sba.gov/lib/library.html](http://www.sba.gov/lib/library.html)

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# BUSINESS|CONNECTIONS

A NEWSLETTER EXCLUSIVELY FOR TIME WARNER CABLE BUSINESS CLASS CUSTOMERS

Fall 2006



## KNOW BEFORE YOU GROW

Congratulations! As a small-business owner you are beating the odds, and there is plenty to be proud about. Not only are you forging your own path to financial success, you are also making an important contribution to the U.S. economy. Close to 40 million jobs are currently provided by small industrial and service businesses alone.

Starting any new business brings the challenge of taking it to the next level. According to a 2003 survey by Thomas Regional<sup>1</sup>, a leading industrial information service, 78 percent of industrial small-business owners are optimistic about their future, but seriously concerned about how to manage their growth. More than half of the respondents said they were considering questions on how to manage increasing scale: whether to buy more equipment, move to a larger space, or perhaps launch an e-commerce site to increase sales and service.

That is why this issue of *Business Connections* focuses on new and expanding small businesses. Inside you will find expert insights and tips on e-mail marketing strategies, considerations for leasing space, ideas on how to manage accumulating data, and guidance on financial statements. We want you to have the information and the tools to succeed. Time Warner Cable Business Class data, video, and security services can provide many solutions to meet your business needs.

We appreciate your business, and look forward to serving you as your business grows.

<sup>1</sup> Thomas Regional, 2003 survey ([www.thomasregional.com](http://www.thomasregional.com)).

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# GROWING PAINS?

## What to Consider in a New Location

Your business is growing—right out of your current space. While this is great news for your bottom line, moving presents an entirely new set of challenges. Frustrated with cramped quarters and weary of searching for a new location, many small-business owners eagerly sign up for the first desirable location that comes along. But a bit of planning and research can ensure not just more space, but the *right* space.

### Know what can you afford

Based on your profit projections, determine your maximum monthly rent payment. Most businesses find that leasing space is the more attractive option, despite the tax advantages and appreciation that go along with purchasing space. Will you need to funnel capital into renovation or retrofitting? If renting, you cannot take these improvements with you. Check with an attorney before signing any documents. If you are going to be improving the space, or if it has been on the market for several months, you may be able to negotiate lease terms for a more flexible arrangement.

### Consider your type of business

Do you have face-to-face contact with customers? Will you need to provide additional parking for clients or employees, or increase your storage space? Does your business need to accommodate foot traffic, or do you need the professional look of an office suite? Knowing the appropriate type of space could affect your rental costs. If your business has no customer contact, a freestanding location in an industrial or non-prime area will cost less than a shopping center or office park. Be sure to investigate the location's history and zoning restrictions.

Thinking ahead about what you can afford, where your business is headed, and the regulatory environment in your area can help you land the right space—and provide you with a strong foundation for continued success.

## Ten-minute CPA: Use Financial Statements for Healthy Growth

Do you know the debt-to-equity ratio of your business? Your net profit on sales? The number of days in receivables?

The answers are found in documents like balance sheets, profit-and-loss statements and cash-flow statements. The problem is, just an annual checkup with an accountant may not be enough to keep business financials in good shape. A small-business owner armed with basic financial knowledge can go a long way to improve the broader financial wealth of his or her business.

According to John Ventura, author of *The Small Business Survival Kit*, strong financial control and cash flow management are critical to a successful business. Not enough cash, or having cash in the wrong place, means difficulty meeting salaries, buying materials or meeting unforeseen obligations.

Consider the balance sheet: this snapshot of your financial condition doesn't tell you how profitable you are, just *where* the money is. It's usually made up of a table of your assets like current cash on hand, accounts receivable, and inventory. It also lists liabilities, like loan balances and accounts payables. It allows you to act on questions such as: Should I pay off some debt with cash? Are sales lagging behind inventory? Are my liabilities or equity increasing?

Experts recommend quality software systems such as QuickBooks® to generate financial statements, and then using them to make cash-flow projections. The key is discipline and patience—keeping detailed lists of expenses and making precise entries. Rounding off expenses or putting them in the wrong place could throw off your financial picture, or cost you a valuable tax deduction.

If you're not ready to take on the recordkeeping and analysis yourself, ask your accountant to prepare this information for you. You can also take advantage of free advice from organizations like the Small Business Association. Or, register for a local university course or a workshop offered by your software maker. The investment you make in learning will more than pay for itself—it will ensure your continued success.



# EIGHT SIMPLE RULES for E-mailing Your Offer

Among direct marketing channels, e-mail is now second only to telemarketing for return on investment, according to a 2004 report by the Direct Marketing Association. But the same time period also saw a seven percent decline in the "open rate" of e-mail sent by businesses, according to online trend research company DoubleClick. These seemingly conflicting statistics underscore a few simple rules to remember when e-marketing. Take advantage of the following tips and ideas to prevent your messages from becoming unopened "junk mail."

### Build a pre-approved address list

- Gather e-mail addresses via electronic newsletters, preferred customer clubs or other sign-up vehicles you have set up on your Web site, and make opt-in/-out information clear and easy to find.
- Acquire more approved addresses by purchasing lists through a service that has compiled addresses from customers interested in a particular business or subject. A service can also track how many messages are opened. Costs start at about \$200.
- Attract potential customers by participating in relevant online forums, community Web sites and discussion boards. Make sure your comments add value to the conversation, then mention your business or expertise and e-mail address or Web site.

### Develop a targeted e-mail campaign

- Determine your customers' wants and needs, either through previous contact or by monitoring purchase or click-through history. Then try to meet those needs with personalized, tailored e-mail messages.
- Carefully craft your message: keep it simple and short, with the most important info—your offer and brand—in the top half of the e-mail. Make sure the customer's next steps are clear.
- Provide real, valuable information rather than advertising, and use offers: coupons, gift cards or freebies—content that might be passed on to the recipient's friends, co-workers and acquaintances.

### Avoid spam filters

- Avoid "spammy" copy: Dollar signs, too many capital letters and big fonts form patterns that spam filters catch. Make sure your business is not on public spam blacklists like Spamhaus or SPEWS.
- Keep mail volume low and always remove "undeliverable" addresses from your list. Spam filters check for high volume and "undeliverable" addresses.

Ready to start e-mailing? Contact your Time Warner Cable Business Class representative and ask about our E-mail Solutions. We have many packages available to suit your business needs.

## THE LIST: A Snapshot of Current Statistics and Trends

New jobs created by small businesses since August 2003: **5.1 million**

Approximate number of Internet users in the U.S.: **204 million**

Percentage of business owners who say the Internet has helped them expand: **58**

Percent of industrial small-business owners participating in e-marketing: **24**

Percentage growth of online searches between January 2005 and January 2006: **39**

Percent of small-business owners who say e-commerce is too expensive: **31**

Number of years in which half of new small businesses fail: **4**

Number of books on Amazon.com that address small business: **71,365**

Average number of hours per week worked by small-business owners: **50**

Financial losses, in dollars, from viruses and related crime: **15.7 million**

Percent of small-business owners who feel confident about their data security: **80**

Increase, in dollars, in federal contracts awarded to small businesses: **10 billion**

**Sources:** 1 U.S. Small Business Administration ([www.sba.gov](http://www.sba.gov)), 2006; 2 Associated Press (reported on [www.newsvine.com](http://www.newsvine.com), July 19, 2006); 3 AC Nielsen (reported on [www.clickz.com](http://www.clickz.com), March 25, 2004); 4 Thomas Regional, 2003 survey ([www.thomasregional.com](http://www.thomasregional.com)); 5 AC Nielsen, Nielsen/NetRatings research report, March 3, 2006; 6 Thomas Regional, 2003 survey ([www.thomasregional.com](http://www.thomasregional.com)); 7 John Ventura, *Small Business Survival Kit*, Dearborn Trade Publishing, 1994; 8 Amazon.com ([www.amazon.com](http://www.amazon.com)); 9 New York Enterprise Report, (reported by Ted O'Callahan in *Inc. Magazine*, April 13, 2006); 10 Computer Security Institute & Federal Bureau of Investigations, 2005 survey (reported by Matt Hines on [www.eweek.com](http://www.eweek.com)); 11 Small Business Technology Institute, 2005 survey (reported by Council of Better Business Bureaus, Inc. on [www.bbb.org](http://www.bbb.org)); 12 U.S. Small Business Administration ([www.sba.gov](http://www.sba.gov)), 2006; 13 Small Business Technology Institute, 2005 survey (reported by Council of Better Business Bureaus, Inc. on [www.bbb.org](http://www.bbb.org)).

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## Smart Storage with SmartDrive

As your business grows, the volume of must-save files such as reports, presentations, accounting and customer data grows right along with it.

But expanding your business need not require a large budget for a file server or backup system to store and protect your data. Time Warner Cable Business Class Managed Storage SmartDrive<sup>SM</sup> can give you the storage security and convenience enjoyed by much larger companies at a fraction of the price. SmartDrive delivers:

- **Protection**—Daily, automatic backup of all your files on a remote server with firewall, user authentication, and other security features. Data is safely stored and easily recovered after computer theft, damage or breakdowns.
- **Maximum mobility**—Because SmartDrive is accessed through an Internet site, you and your employees can get to files at any time, and from any location with an Internet connection.
- **Faster e-mails**—Have you ever sent bulky e-mails with large attachments that never reach the recipient? Or, even worse, have these messages caused system crashes? With SmartDrive, you can send an e-mail containing a link the recipient can then click on to download files. No waiting, and no more guesswork about e-mail capacity.
- **Simple setup**—Just download the software from our site and determine your settings, such as timing of automated backups and assigning permission rights. After this initial installation, resetting is unnecessary—backups happen automatically.

SmartDrive is available in a range of megabyte and gigabyte increments depending on your storage needs. Increasing storage capacity requires no additional hardware. Contact your Time Warner Cable Business Class representative for more information on SmartDrive.

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