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THE EMBROIDERY COACH

“9 Steps To Profit In Your Embroidery Business”

Phase 1-“Organizational System

Step 1- Creating Your Baseline-Setting Your Goals

I want to welcome you to step 1 of the “9 Steps to Profit In Your Embroidery Business. There is a lot of work that is going to be necessary to do in this course in order to make your business profitable. It does not happen all by itself, you must make it happen.

You are going to need to pick up a notebook if you have not already done so. There will be a lot of information that you will be printing out and working with so you want to be able to keep it organized inside of a notebook. Make sure you have tabs in it for each area or each of the 9 Steps.

You are also going to need to block out a few hours each week in order to get through this course and do it in such a way that you are really progressing each week. You do not want to start and not complete it. It is going to bring you big dividends in the way that you run your business. I am not saying that it is going to bring you in a huge income, I cannot say that. That would be totally illegal for me to say that.

What I am saying is that you will benefit greatly by completing this course. You are going to learn how to get organized in each area of your business, how to create a price list that is going to bring you in a profit and you are also going to learn how to plan out every facet of your business.

I have found that when I am taking courses, the best time of the day to work on them is the first thing in the morning. I am fresh and can get through it much faster. If you spend a few minutes each morning working through your

lesson for that week it will be easier. Each lesson is building from the previous lesson and you will be organizing your business at the same time. I seem to be able to focus better the first thing in the morning. You may have to get up 30 minutes earlier in order to accomplish this. That is OK! It is going to be well worth it, trust me on that!

Each week you will have access to a lesson. I will send you a link to go to a page to download all of your materials. All of your previous lessons will be there just in case you missed some of the past information. I want you to have it piece by piece so that you are not overwhelmed. I do not want you to feel overwhelmed by having all of this information in front of you at the same time. Too much at one time does not work; you do not know where to begin. Each week is building on the next week and it is going to be very important that you complete each lesson before moving onto the next one. Each lesson will be short.

Even if you miss a week, do not try to skip to the next lesson and think that you will get caught up at some point. Stick with it and totally complete each lesson and then start the next one.

At the end of this course you should have a business plan, not one that you are going to take to the bank, one that you are going to be using on a daily basis. That is not the same thing. Being able to create a plan that you can use on a daily basis is the key to being able to build your business in such a way that you can control your growth. You will see what you are actually accomplishing each week; you will see if you need to make any adjustments in any area and you will also be able to see what you need to do in the way of marketing to increase your sales. Having this type of a plan is going to make a huge difference in your embroidery business.

Now before we actually get started I want to go over a some very important information that you must have and soak up in order to have a profitable embroidery business. If you have to listen to the recording of this several times in order for it to make a real impact, please do so. This is so huge and without it, this course or any course or action that you take to get profitable will not work for you! You **MUST** have the right **MINDSET**!

Creating The Right Mindset

This past 2 years have not been great for many embroiderers, but at the same time, many of my high level students have really flourished and have grown a lot in their business. Creating a positive and focused mindset from the very beginning is crucial to having a profitable embroidery business! Being confident in your product, your pricing, and most of all, yourself, are the key factors in creating the right Mindset! Most of the right mindset has to do with the way that you feel about pricing your products and working with your customers! This is extremely important.

The main issue that I have found for embroiderers is pricing. Getting your pricing right and feeling comfortable with your pricing or what you should be charging your customers is very difficult for many embroiderers. I was one of those embroiderers and it took me 15 years before I finally got this right and that was only because I was at my wits end and ready to give up because I was not making any money. I do not want to see you get to that point.

Your prices must reflect your costs and what you want for a profit, **NOT** the price of your competition. Thinking that you have to compete with every other embroidery shop in the area regardless of the size, is a recipe for failure. Many new embroiderers just starting out make this mistake and it can truly be avoided! You cannot compete with anyone else. Your cost of doing business is not the same as that of your competition. There is no way that you can base your prices on anyone else's. You have to go by your own expenses, the profit that you need to make, and your market niche!

You do not need to have the lowest prices to get the business. Those that do this lack confidence in their pricing. They feeling that they need to start out with the lowest prices and then they can raise their prices after they are in business for a while. This does not work!

You need to offer a quality product with excellent customer service to get the business and be able to charge what you need to make a good living.

If you are one of those embroiderers that have been charging low prices and thinking that you have to have those low prices to get the business or stay in business, it is vital that you change your **mindset** about your business, your pricing and the way that you work with your customers!

You must STOP putting yourself in your customer's shoes thinking that they will not pay your prices. This is NOT a positive mindset to help you build a profitable embroidery business.

You must find a way to set yourself apart from any of your competition and develop the mindset that you are going to be the best embroiderer around, have the best quality products, and offer the best customer service. **If you have doubts about your quality or your customer service, have your products and processes evaluated. Contact me and I will let you know what to do.**

You must be confident in your product, your pricing, and most of all, yourself.

Our customers are coming to us because they cannot create those custom items and we are offering a very valuable, professional service to them. We need to be charging the correct prices for this valuable custom service.

When you can develop a positive mindset and work on all of those qualities to accomplish this, you can have a great business! I know you can do it because I did it, and it worked!

There is one thing that you must keep in mind right from the very beginning of starting your business or from this point forward if you have been in business for a while.

**YOU are a professional offering a very professional service
and you need to be paid accordingly.
You are NOT an unskilled laborer!**

This course is divided into 3 sections. Each one represents a system that you will be creating as you build your profitable embroidery business.

1 - Organizational System

2 - Profitability System

3 - Marketing System

Your embroidery business must have all 3 in order to become profitable. During my training with embroiderers, I find that most embroidery business owners do not have any type of system in place to help manage any part of their apparel decorating business and they are floundering because of it.

In this 9 Steps to a Profitable Embroidery Business, I am going to go through each one of those systems thoroughly! I am going to Start with your Organizational System, then we will move to the Profitability System and then to the Marketing System.

Organizational System

- Step 1- Creating Your Baseline-Setting Your Goals
- Step 2- Setting Up Systems for Order Processing & Production Processing
- Step 3 - Creating A Good Workflow Floor Plan For Faster Production

One of the key elements to a highly profitable embroidery business is a good management system. Without a good organization and management system in place it is very difficult to keep track of your business on a daily basis and grow your business over time.

In phase 1 of this program you are going to organize your business and start the process of setting up your systems for a quicker and more efficient workflow for your embroidery business.

Organization Is Key

Having a profitable embroidery business starts with Good Organization. Common questions that have been asked by my students when they are trying to organize their embroidery business are:

- How do I manage my embroidery business?
- Where do I go to get the help that I need?
- How do I know what I will need?
- Where should I Start?
- Is there some type of software that I can purchase to help me?

So many people that start an embroidery business do so because they love what they do and are very creative. I was one of those people. They do not even think about the business side of the business. There are certain components that every business needs in order to run smoothly and create a profit.

Important Factors That Must Be Present

One of the main components is a system for daily checks and balances to see if they are profitable. It is very important that you learn how to manage your entire business and it starts on a daily basis with each and every job. Whether you are a one-person operation or a large apparel decorating shop, there are some important factors that must be present in whatever type of business management system you choose.

- The ability to create and deliver a quote very quickly
- A way to follow up on the quotes in a timely manner
- The ability to measure the progress of each order as it goes through each and every process.
- A way to measure your production
- A way to measure your profitability
- A system to keep track of your acquisition of goods
- A way to schedule your production
- The quick way to see if you can handle a rush order
- The ability to create a repeat order so there are no errors in ordering or production
- A system to see how quickly your money is coming in.

You can create your own management system, or you can use one of the Business Management Software packages that are easily available for the apparel decorating industry. Either way, you must have one. This is a must in order to manage a growing business and become profitable at the same time.

I **do not** recommend the management software for a small business just starting out or even one that has been in business for a while. It is very helpful for a larger business to have management software but that is another expense and an extra person that a small business owner does not need. The business management systems take a lot of work to get set up and you must know exactly where you are and what all of your costs are before you can even set one up. You must have your pricing in place and have a good business plan before you can successfully set up one of these systems in order for it to give you all of the correct information.

If purchasing a management package is one of your goals, you must create your system with spreadsheets first and then it will be easier for you to set up your management system with all of the right figures and it will work beautifully for you.

Creating A System With Spreadsheets

It is important that you create a system with spread sheets and a physical job board that will help you keep track of each step of your production.

- You must know all of your costs that are associated with each step of the order from Order taking to Invoicing.
- You must create a job scheduling system with a spreadsheet that will help you keep track of each job in house and how long each job should take in production.
- You must create a job worksheet that will follow each step of the job. Each operator fills in the amount of time that it took for that step. At the end of the day, you must take these job production sheets and total them up to see if you were in fact profitable on that job.
- You can also use these worksheets to analyze each step of production to see if there is an easier and faster method for that step.
- If your production staff had any issues with the job, figure out why? Were the job orders incomplete?
- You must have a system in place to be able to give your customers an instant quote. This is very important for you in acquiring orders. If you cannot give an instant quote, you lose credibility and customers alike.
- You must have a system for tracking these quotes to make sure that they get attached to the customers work order.
- You must create an easy retrieval system in order to eliminate errors on repeat orders.
- Create a profitable price list. You must know how to price all of your products and services so that you are creating a profit on each job.

These are all pieces that you will be creating as you go through this course and I will provide you with much of the information and the spreadsheets that you are going to need. My spreadsheets all have formulas in them to make it easy for you to use them and get the right information that you need.

You are going to need accounting software if you do not have it at this time. **QuickBooks** will work for you just fine. I use QuickBooks and have for the past

several years. Most accountants use QuickBooks, so it makes it easy to get all of your information to your accountant.

I have also created a course teaching you how to set up your QuickBooks for the Apparel Decorating Business to make it easier for you to do invoicing and be able to check your profitability every or every week! If you are using another accounting system, then you still need to set it up so that it will help you check your profitability in each area of your business.

Creating Your Baseline

In step 1 we are going to start with Creating Your Baseline. You need to start with the basics of where you are financially right now. You need to have a baseline to start with. This is no different than going to the doctor and he is trying to figure out your diagnosis. The current situation of your business is your baseline and without that information, you cannot move forward. You need to see exactly where you are at this moment.

This is going to help you as you are creating your personal plan and trying to figure out how to repay debt and start preparing for the future.

In this lesson we are going to be talking about three items:

- Where are you Financially?
- What are your Goals
- Planning out your Schedule

Even though we are talking about 3 different items here, they are all tied together and are very much intermingled. You cannot work with one without working with all three of them to reach your goals.

Financial Status

The very first item is finding out where you are financially.

- What are all of your monthly expenses?
- You must be able to come up with that figure at a moment's notice!
- How much do you owe such as equipment debt?
- Financial Status Form - I have included a Financial Status form for you to add all of your expenditures on. This will give you your current Financial Status.

- Update each month - This spreadsheet needs to be updated each month to make sure that you are heading in the right direction. If you have someone that does your books for you, get all of the figures from them but I want you to be the one that fills this spreadsheet in. This is going to give you more of an awareness of what is actually happening, and this is a tool that is going to be very important as you are creating your plan. You want to have this sitting on your desktop in your binder at all times.

Financial Status Worksheet

This is a form that you are going to be using every month and one that you should be referring to every week to see exactly where you should be compared to where you are. You will be using this sheet to figure your financial goal for the next month. You will know at a glance exactly what you need to bring in the next month in order to be able to break even. I said break even, this does not have any profit built into it. We will get to that point later in the course. Right now you are just trying to get to the breakeven point for many of you and you will build from there. For some others, you are already making a profit, but your profit is not where you want it to be. This sheet is going to help you. You will also be using this sheet in the pricing steps of the course but for now we are just concerned with all of your current expenses.

Much of this is self-explanatory but I do want to go over a few of the items with you.

At the top of the sheet I want you to put in your income from last month. As you put in your expenses it is going to automatically calculate whether or not you have money left over at the end of the month after paying all of your current months expenses.

If you do not have a machine payment, I want you to put one in there. You are going to need to be bringing in enough money to set aside for future equipment. If you paid for the machine using your own money, then you need to plan to pay yourself back.

Next is payroll. Even if you do not have any employees, you need to figure in a reasonable salary for yourself. What is it that you want to be able to take

for a salary each month. You absolutely do need to have something for all of your efforts. Do not make the mistake of thinking, I am just building this business for my future and I do not need to be taking a salary right now. That is the wrong way to think. Even if it is a small one, you need to have something.

Payroll Taxes, in NY State that usually figures out to be about 30%. So if you figure that amount there you should be safe, but you may want to check with your accountant for an exact figure.

At the bottom of the sheet I want you to put in your debt. This can be your bank payment for your machine, your credit cards that you are using to purchase your items with for the business. This is not the same thing as your expenses at the top of the sheet. This is actual debt that you are paying on.

Pay close attention to your bottom line for the month, week, day and even hour. This is going to be a real eye opener for you. What you need to be bringing in every single hour in order to pay all of your bills.

1	This is based on 8 hours per day 20 days per month			
2	This is only your business costs!			
3	<i>The Purpose of this worksheet is for Cash Flow & to Discover Current Total Expenses</i>			
4				
5	Income from Last Month	0		
6				
7	Total Expenses			
8	CATEGORY	MONTHLY COST	Weekly	Day
9	EQUIPMENT LOAN/LEASE		\$0.00	\$0.00
10	PAYROLL		\$0.00	\$0.00
11	PAYROLL TAXES		\$0.00	\$0.00
12	BUSINESS INSURANCE		\$0.00	\$0.00
13	HEALTH INSURANCE		\$0.00	\$0.00
14	ACCOUNTING/LEGAL		\$0.00	\$0.00
15	RENT		\$0.00	\$0.00
16	UTILITIES		\$0.00	\$0.00
17	TELEPHONE		\$0.00	\$0.00
18	INTERNET EXPENSE		\$0.00	\$0.00
19	MANUFACTURING SUPPLIES		\$0.00	\$0.00
20	OFFICE SUPPLIES		\$0.00	\$0.00
21	OFFICE EQUIPMENT		\$0.00	\$0.00
22	BANK EXPENSE/ CC FEES		\$0.00	\$0.00
23	FREIGHT		\$0.00	\$0.00
24	BLDG REPAIR & MAINTENANCE		\$0.00	\$0.00
25	MACHINE REPAIR & MAINTENANCE		\$0.00	\$0.00
26	ADVERTISING		\$0.00	\$0.00
27	MEMBERSHIP SITE EXPENSE		\$0.00	\$0.00
28	COACHING		\$0.00	\$0.00
29	WEBSITE EXPENSE		\$0.00	\$0.00
30	AUTOMOBILE EXPENSE		\$0.00	\$0.00
31	TRAVEL/ENTERTAINMENT/TRADESHOWS		\$0.00	\$0.00
32	MISCELLANEOUS		\$0.00	\$0.00
33	Total Month	\$0.00	\$0.00	\$0.00
34				
35	Total Profit or Loss	\$0.00		

You will be using this tool on a weekly basis and there are times when you will refer to it on a daily basis during the month. If you keep your eyes on the weekly, daily and hourly figures it is going to tell you whether you are meeting your financial obligations or if you are not! Obviously your income is supposed to exceed your sales and this will tell you whether or not they are. Far too often I see the sales coming in at less than the costs. That must be turned around or you will go out of business very

quickly.

We will be expanding on this as we go through the course and adding a lot more pages and information to it. Right now I want you to fill it all in to see

where your business is at this moment in time. This is your first step in creating your Personal Plan.

What are your Goals?

Your next step is to establish goals, financial goals and goals that will help you move more quickly in your business. When we set goals, goals that are written down, we work much harder than we do if we just have them floating around in our head. I have found that this just does not work. I have to have my goals written down or they are just like a wish and not something that I take seriously. Your goals are definitely to be taken seriously and in order to reach them you must write them down and create a definite plan to reach them.

I have provided four goal setting sheets for you to work with and I want you to get into the habit of using these sheets and keeping them in your binder.

Business Goals

- What are the 3 Main Goals for your business?
- Where do you want your business to be one year from now?
- What is your End Goal for your business? You need to think about this as you are planning. This is going to help you with your planning and will determine how to create your planning for the future.
- Financial Goals
- Goals will help you move quickly
- **MUST BE WRITTEN DOWN!**



You can download the set of Goal Planning Sheets for each month from the website and keep them on the Desktop of your computer. That way they will always be handy. You will need to print out a new set for each week.

- Goal For The Month! - 1 copy each month
- Goal For The Week! - 4 copies, 1 for each Week
- Plan For Today! - 5 copies for each week-if you work 6 days per week, you will need 6 copies.

After you have your sheets filled in for the week and the week is over, save all of those sheets from each week in your binder and you will be able to see the progress that you are making.

Figuring Your Financial Goal For The Month

The first sheet that you will be using is your sheet called ‘ Business Goals and the next one is your **“Monthly Goal!”** The first step is to add your Financial Goal for the Month!

You are going to start out small here. I do not want to you create something that is pie in the sky. I want you to think about this and write down a realistic financial goal for this month. We will be expanding on this, but for now, this is your start! Think about what you have to do this week to get your orders out and also about this lesson. I also want you to think about this is a dollar sense.

- Check your Income for last month and see if you are in the same ballpark for this next month or are you going to exceed it?
- Was it enough to pay all of the bills?
- Was there something left over that could go towards your cash flow for this month?
- How many dollars do you have to bring in this week in order to pay all of your bills?

Figuring Your Main Goal For The Month

To start with we are going to concentrate on one main goal for the month. In a few weeks you will be creating 2 main goals but for now we are working with one. I want you to get into the process of setting your goals. Once you are in the habit of planning and writing goals it is going to be easier for you and you will be able to reach them much quicker.

This one main goal for the month is going to be moving you forward in your business and your number goal for each month should be driving you and your business to a higher level.

Planning For Each Week!

You main goal for this week should be to **make sure that your Financial Status is fill out completely** so that you know exactly where you are in your business, how much money you need to bring in each week and how much each hour in your business is costing you. You must be realistic when you are adding your numbers. That is the only way that this is going to work for you.

Plan For Each Day Of The Week!

After you have your Goal for the Week, I want you to break it down and write one or a smaller piece of that main goal to be done for each day that will work towards your Goal for the Week! When you have them in bite sized pieces, they are much easier to achieve. *Your main goal for this week should be to go over your Financial Status and find out exactly where you are at this point in time.*

Planning Out Your Schedule For Each Day Of The Week

- Planning out each week for the first month!
- Setting up a regular daily schedule.
- What you are actually doing each day.

Next I want you to take your Daily Plan and create a plan to complete that part of the plan for each day. This is not hard. It is only going to take a few minutes, but I want you to create it for the entire week in one sitting. On this Daily Plan you are also going to add your other items that need to be done for the day. Look at your overall schedule for the week of jobs that you have planned and add them to your Daily Plan for Today.

- Piece of main goal
- Embroidery Jobs
- Other To Do's

At the end of the day I may have to adjust the plan for the next day, but if you plan it all out for the week in the first place it is going to help you see the big picture and it will also let you know if you have time to slide in something extra that comes along your way. I go over my next day's plan at the end of every single day so that I am ready for the next day and it saves a lot of issues that may pop up unexpectedly. I like to create my plan for the week early Saturday morning. I have the week finished; I can go over some of my figures and then get the plan ready for the next week. It goes very quickly, and I feel really good when I have it finished!

You know at a glance every single day what you are going to be doing for the day and it is very refreshing, rather than trying to figure it out each day! At the end of the day, also stop and think about what you are grateful for and write that down. This helps you focus on the positive.

In another lesson I will be showing you how to plan out your production schedule but for now, this is just a general schedule that you are going to be working with to get everything done. Your production is included in these planning sheets for each day of the week.

These planning sheets are something that you are going to have to keep up on week after week. This is not to be done this week and put aside. This is a

very important habit that you need to build in order to create your plan. This is all part of it. After a few weeks, this is going to become second nature to you and it will no longer be a chore.

I am going to try to keep each one of the lessons short so that you can devour them quickly and get right to work on the lesson.

"It takes the hammer of persistence to drive the nail of success."

John Mason, Writer

Homework:

- Completely fill in your Financial Status spreadsheets
- Fill in your Planning sheets for the week and each day!

In our next step I will be going over the basic Paperwork Flow system that you will be creating. We will be starting with the Order taking process.

That is all for today's lesson and I look forward to the next lesson with you in the **9 Steps to Profit In Your Embroidery Business.**

Attachments

- Financial Status Form
- Goal Sheets
- Written lesson