

LEARNING MADE EASY



# Business Skills

ALL-IN-ONE

for  
**dummies**<sup>®</sup>  
A Wiley Brand



**7**  
**Books**  
in one!





# Business Skills

ALL-IN-ONE

**by John A. Tracy, Mary Ann Anderson,  
Dr. Edward G. Anderson, Jr., Dr. Geoffrey  
Parker, Dawna Jones, Stan Portny,  
Joel Elad, Natalie Canavor,  
Ryan Deiss, Russ Henneberry**

**for  
dummies®**  
A Wiley Brand

## Business Skills All-in-One For Dummies®

Published by: **John Wiley & Sons, Inc.**, 111 River Street, Hoboken, NJ 07030-5774, [www.wiley.com](http://www.wiley.com)

Copyright © 2018 by John Wiley & Sons, Inc., Hoboken, New Jersey

Published simultaneously in Canada

No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, scanning or otherwise, except as permitted under Sections 107 or 108 of the 1976 United States Copyright Act, without the prior written permission of the Publisher. Requests to the Publisher for permission should be addressed to the Permissions Department, John Wiley & Sons, Inc., 111 River Street, Hoboken, NJ 07030, (201) 748-6011, fax (201) 748-6008, or online at <http://www.wiley.com/go/permissions>.

**Trademarks:** Wiley, For Dummies, the Dummies Man logo, Dummies.com, Making Everything Easier, and related trade dress are trademarks or registered trademarks of John Wiley & Sons, Inc. and may not be used without written permission. All other trademarks are the property of their respective owners. John Wiley & Sons, Inc. is not associated with any product or vendor mentioned in this book.

LIMIT OF LIABILITY/DISCLAIMER OF WARRANTY: THE PUBLISHER AND THE AUTHOR MAKE NO REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF THE CONTENTS OF THIS WORK AND SPECIFICALLY DISCLAIM ALL WARRANTIES, INCLUDING WITHOUT LIMITATION WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE. NO WARRANTY MAY BE CREATED OR EXTENDED BY SALES OR PROMOTIONAL MATERIALS. THE ADVICE AND STRATEGIES CONTAINED HEREIN MAY NOT BE SUITABLE FOR EVERY SITUATION. THIS WORK IS SOLD WITH THE UNDERSTANDING THAT THE PUBLISHER IS NOT ENGAGED IN RENDERING LEGAL, ACCOUNTING, OR OTHER PROFESSIONAL SERVICES. IF PROFESSIONAL ASSISTANCE IS REQUIRED, THE SERVICES OF A COMPETENT PROFESSIONAL PERSON SHOULD BE SOUGHT. NEITHER THE PUBLISHER NOR THE AUTHOR SHALL BE LIABLE FOR DAMAGES ARISING HEREFROM. THE FACT THAT AN ORGANIZATION OR WEBSITE IS REFERRED TO IN THIS WORK AS A CITATION AND/OR A POTENTIAL SOURCE OF FURTHER INFORMATION DOES NOT MEAN THAT THE AUTHOR OR THE PUBLISHER ENDORSES THE INFORMATION THE ORGANIZATION OR WEBSITE MAY PROVIDE OR RECOMMENDATIONS IT MAY MAKE. FURTHER, READERS SHOULD BE AWARE THAT INTERNET WEBSITES LISTED IN THIS WORK MAY HAVE CHANGED OR DISAPPEARED BETWEEN WHEN THIS WORK WAS WRITTEN AND WHEN IT IS READ.

For general information on our other products and services, please contact our Customer Care Department within the U.S. at 877-762-2974, outside the U.S. at 317-572-3993, or fax 317-572-4002. For technical support, please visit <https://hub.wiley.com/community/support/dummies>.

Wiley publishes in a variety of print and electronic formats and by print-on-demand. Some material included with standard print versions of this book may not be included in e-books or in print-on-demand. If this book refers to media such as a CD or DVD that is not included in the version you purchased, you may download this material at <http://booksupport.wiley.com>. For more information about Wiley products, visit [www.wiley.com](http://www.wiley.com).

Library of Congress Control Number: 2018933542

ISBN 978-1-119-47397-8 (pbk); ISBN 978-1-119-47400-5 (ebk); ISBN 978-1-119-47398-5 (ebk)

Manufactured in the United States of America

10 9 8 7 6 5 4 3 2 1

# Table of Contents

<b>INTRODUCTION</b>	<b>1</b>
About This Book	1
Foolish Assumptions	1
Icons Used in This Book	2
Beyond the Book	2
Where to Go from Here	3
<b>BOOK 1: ACCOUNTING</b>	<b>5</b>
<b>CHAPTER 1: Introducing Financial Statements</b>	<b>7</b>
Setting the Stage for Financial Statements	8
Offering a few preliminary comments about financial statements	8
Looking at other aspects of reporting financial statements	10
Income Statement	10
Presenting the components of the income statement	11
Income statement pointers	12
Balance Sheet	13
Presenting the components of the balance sheet	13
Balance sheet pointers	15
Statement of Cash Flows	17
Presenting the components of the statement of cash flows	17
Statement of cash flows pointers	19
A Note about the Statement of Changes in Shareowners' Equity	20
Gleaning Important Information from Financial Statements	20
How's profit performance?	20
Is there enough cash?	21
Can you trust financial statement numbers?	22
Why no cash distribution from profit?	24
Keeping in Compliance with Accounting and Financial Reporting Standards	24
Looking at who makes the standards	25
Knowing about GAAP	26
Divorcing public and private companies	27
Following the rules and bending the rules	28
<b>CHAPTER 2: Reporting Profit or Loss in the Income Statement</b>	<b>31</b>
Presenting Typical Income Statements	32
Looking at businesses that sell products	32
Looking at businesses that sell services	34
Looking at investment businesses	35

Taking Care of Housekeeping Details . . . . .	36
Being an Active Reader . . . . .	38
Deconstructing Profit . . . . .	40
Revenue and expense effects on assets and liabilities . . . . .	41
Comparing three scenarios of profit . . . . .	42
Folding profit into retained earnings . . . . .	44
Pinpointing the Assets and Liabilities Used to Record Revenue and Expenses . . . . .	45
Making sales: Accounts receivable and deferred revenue . . . . .	46
Selling products: Inventory . . . . .	46
Prepaying operating costs: Prepaid expenses . . . . .	47
Fixed assets: Depreciation expense . . . . .	48
Unpaid expenses: Accounts payable, accrued expenses payable, and income tax payable . . . . .	50
Reporting Unusual Gains and Losses . . . . .	51
Watching for Misconceptions and Misleading Reports . . . . .	53
 <b>CHAPTER 3: Reporting Financial Condition in the Balance Sheet . . . . .</b>	 55
Expanding the Accounting Equation . . . . .	56
Presenting a Proper Balance Sheet . . . . .	57
Doing an initial reading of the balance sheet . . . . .	59
Kicking balance sheets out into the real world . . . . .	60
Judging Liquidity and Solvency . . . . .	61
Current assets and liabilities . . . . .	62
Current and quick ratios . . . . .	63
Understanding That Transactions Drive the Balance Sheet . . . . .	64
Sizing Up Assets and Liabilities . . . . .	68
Sales revenue and accounts receivable . . . . .	69
Cost of goods sold expense and inventory . . . . .	69
Fixed assets and depreciation expense . . . . .	70
Operating expenses and their balance sheet accounts . . . . .	71
Intangible assets and amortization expense . . . . .	71
Debt and interest expense . . . . .	73
Income tax expense and income tax payable . . . . .	73
Net income and cash dividends (if any) . . . . .	74
Financing a Business: Sources of Cash and Capital . . . . .	74
Recognizing the Hodgepodge of Values Reported in a Balance Sheet . . . . .	77
 <b>CHAPTER 4: Reporting Cash Sources and Uses in the Statement of Cash Flows . . . . .</b>	 79
Meeting the Statement of Cash Flows . . . . .	80
Presenting the direct method . . . . .	81
Opting for the indirect method . . . . .	83

Explaining the Variance between Cash Flow and Net Income . . . . .	84
Accounts receivable change. . . . .	85
Inventory change. . . . .	86
Prepaid expenses change . . . . .	87
Depreciation: Real but noncash expense . . . . .	87
Changes in operating liabilities . . . . .	89
Putting the cash flow pieces together . . . . .	90
Sailing through the Rest of the Statement of Cash Flows . . . . .	90
Understanding investing activities . . . . .	91
Looking at financing activities . . . . .	92
Reading actively . . . . .	93
Pinning Down Free Cash Flow . . . . .	94
Limitations of the Statement of Cash Flows . . . . .	95
<b>CHAPTER 5: Reading a Financial Report . . . . .</b>	<b>97</b>
Knowing the Rules of the Game . . . . .	98
Making Investment Choices . . . . .	99
Contrasting Reading Financial Reports of Private versus Public Businesses . . . . .	101
Using Ratios to Digest Financial Statements . . . . .	102
Gross margin ratio. . . . .	105
Profit ratio. . . . .	106
Earnings per share (EPS), basic and diluted. . . . .	106
Price/earnings (P/E) ratio . . . . .	108
Dividend yield. . . . .	109
Market value, book value, and book value per share . . . . .	110
Return on equity (ROE) ratio . . . . .	112
Current ratio. . . . .	112
Acid-test (quick) ratio . . . . .	113
Return on assets (ROA) ratio and financial leverage gain . . . . .	114
Cash flow ratios — not . . . . .	116
More ratios? . . . . .	116
Frolicking through the Footnotes . . . . .	117
Checking Out the Auditor's Report . . . . .	118
Why audits? . . . . .	118
What's in an auditor's report? . . . . .	119
Discovering fraud, or not . . . . .	120
<b>BOOK 2: OPERATIONS MANAGEMENT . . . . .</b>	<b>123</b>
<b>CHAPTER 1: Designing Processes to Meet Goals . . . . .</b>	<b>125</b>
Getting Started with Process Improvement . . . . .	126
Planning Operations . . . . .	126
Considering a serial process . . . . .	127
Placing operations in parallel . . . . .	127

Improving Processes According to a Goal .....	129
Reducing customer flow time .....	131
Increasing system capacity .....	132
Balancing the line .....	134
Utilizing flexible resources .....	135
Improving a process that has excess capacity .....	136
Managing Bottlenecks .....	137
Getting tripped up by overproduction .....	138
Increasing process capacity .....	139
<b>CHAPTER 2: Planning for Successful Operations .....</b>	<b>141</b>
Planning from the Top Down. ....	142
Determining corporate strategy .....	142
Preparing for success .....	143
Executing the plan .....	145
Exploring the Components of an Aggregate Plan. ....	145
Putting together a plan .....	146
Creating the master schedule .....	147
Considering Materials. ....	148
Gathering information for the system .....	148
Getting system results .....	149
Taking MRP data to the factory floor .....	151
Planning for Services. ....	152
Seeing the difference in services. ....	152
Establishing the service plan .....	153
Applying Information to the Entire Organization .....	154
<b>CHAPTER 3: Creating a Quality Organization .....</b>	<b>157</b>
Reaching Beyond Traditional Improvement Programs .....	158
Multiplying failures .....	158
Raising the bar .....	160
Varying skill levels .....	160
Adding to the Tool Box. ....	161
Defining the problem .....	162
Measuring the process .....	163
Analyzing the problem .....	163
Implementing a solution .....	169
Maintaining the gain .....	170
Overcoming Obstacles .....	172
Failing to focus. ....	172
Prioritizing into paralysis .....	172
Falling for the lure of magical solutions. ....	173
Lacking employee involvement. ....	173
Not knowing what to do .....	173



Not learning from the experience. . . . .	174
Calling it a program. . . . .	174
Giving up. . . . .	174
<b>BOOK 3: DECISION-MAKING . . . . .</b>	<b>175</b>
<b>CHAPTER 1: The Key Ingredients for Effective Decisions . . . . .</b>	<b>177</b>
Distinguishing the Different Kinds of Decisions . . . . .	177
Strategic decisions. . . . .	178
Tactical decisions. . . . .	178
Operational and frontline decisions. . . . .	179
Identifying the Different Decision-Making Styles . . . . .	179
Recognizing the Workplace Environment and Culture as a Force. . . . .	180
Mapping your company on the innovation curve. . . . .	181
Accounting for company organizational structures. . . . .	183
Assessing the health of the workplace. . . . .	188
Developing the Decision-Maker: To Grow or Not? . . . . .	188
Knowing thyself . . . . .	189
Avoiding temptations that obstruct sound decisions . . . . .	189
<b>CHAPTER 2: Walking through the Decision-Making Process. . . . .</b>	<b>191</b>
Clarifying the Purpose of the Decision. . . . .	192
Identifying the reason for the decision . . . . .	192
Taking a tactical or strategic approach. . . . .	193
Eliciting All Relevant Info . . . . .	193
Doing your research . . . . .	194
Gaining distance to stay objective. . . . .	194
Paying attention to different perspectives . . . . .	195
Separating fact from speculation . . . . .	196
Including feelings as information . . . . .	196
Knowing when you have enough . . . . .	197
Sifting and Sorting Data: Analysis . . . . .	198
Conducting your analysis . . . . .	198
Critically evaluating your data . . . . .	199
Making assumptions intentionally . . . . . or not . . . . .	200
Establishing and weighing criteria . . . . .	201
Avoiding analysis paralysis. . . . .	204
Generating Options. . . . .	205
Avoiding the one-option-only trap . . . . .	206
Tapping into others' creativity . . . . .	206
Vetting your top options. . . . .	207
Assessing Immediate and Future Risk . . . . .	209
Identifying risks . . . . .	209
Considering people's response to risk . . . . .	210

Mapping the Consequences: Knowing Who Is Affected and How. . . . .	211
Making the Decision . . . . .	212
Communicating the Decision Effectively . . . . .	213
Implementing the Decision . . . . .	214
Putting together your action plan. . . . .	214
Deciding what is important: Metrics. . . . .	215
Setting priorities . . . . .	217
Learning from the implementation process . . . . .	217
Decision-Making on Auto-Pilot . . . . .	218
Grasping intuitive decision-making . . . . .	219
Examining intuition in different situations . . . . .	219
<b>CHAPTER 3: Becoming a More Effective Decision-Maker . . . . .</b>	<b>223</b>
Upping Your Game: Transitioning from Area-Specific to Strategic Decisions . . . . .	224
Highlighting strategic decisions. . . . .	224
Avoiding the perils of micromanaging . . . . .	227
Moving from specializing in one area to working across functions. . . . .	230
Displaying Character through Decision-Making . . . . .	231
Mirror, mirror, on the wall: Taking a close look at yourself. . . . .	232
Using defining moments to build character . . . . .	233
Handling yourself when things go wrong . . . . .	233
Improving Your Decision-Making by Becoming a Better Leader . . . . .	235
Differentiating between leadership and authority. . . . .	235
Using your power for good . . . . .	236
Being a leader good enough to ask the tough questions . . . . .	237
Creating Safe and Stable Workplaces. . . . .	238
Adapting your management style. . . . .	238
Taking steps to improve the quality of the working environment. . . . .	239
Being the leader you expect to see in others . . . . .	241
<b>BOOK 4: PROJECT MANAGEMENT. . . . .</b>	<b>243</b>
<b>CHAPTER 1: Achieving Results. . . . .</b>	<b>245</b>
Determining What Makes a Project a Project . . . . .	245
Understanding the three main components that define a project . . . . .	246
Recognizing the diversity of projects . . . . .	247
Describing the four stages of a project . . . . .	248
Defining Project Management. . . . .	250
Starting with the initiating processes . . . . .	251
Outlining the planning processes . . . . .	252
Examining the executing processes . . . . .	255

	Surveying the monitoring and controlling processes . . . . .	257
	Ending with the closing processes . . . . .	257
	Knowing the Project Manager's Role . . . . .	257
	Looking at the project manager's tasks . . . . .	258
	Staving off excuses for not following a structured project-management approach . . . . .	258
	Avoiding shortcuts . . . . .	259
	Staying aware of other potential challenges . . . . .	260
	Do You Have What It Takes to Be an Effective Project Manager? . . . .	261
<b>CHAPTER 2:</b>	<b>Knowing Your Project's Audiences . . . . .</b>	<b>263</b>
	Understanding Your Project's Audiences . . . . .	264
	Developing an Audience List . . . . .	264
	Starting your audience list . . . . .	264
	Ensuring a complete and up-to-date audience list . . . . .	268
	Using an audience list template . . . . .	270
	Considering the Drivers, Supporters, and Observers . . . . .	272
	Deciding when to involve your audiences . . . . .	274
	Using different methods to involve your audiences . . . . .	277
	Making the most of your audiences' involvement . . . . .	278
	Displaying Your Audience List . . . . .	278
	Confirming Your Audience's Authority . . . . .	279
	Assessing Your Audience's Power and Interest . . . . .	281
<b>CHAPTER 3:</b>	<b>Clarifying Your Project . . . . .</b>	<b>283</b>
	Defining Your Project with a Scope Statement . . . . .	283
	Looking at the Big Picture: Explaining the Need for Your Project . . .	286
	Figuring out why you're doing the project . . . . .	286
	Drawing the line: Where your project starts and stops . . . . .	296
	Stating your project's objectives . . . . .	297
	Marking Boundaries: Project Constraints . . . . .	302
	Working within limitations . . . . .	302
	Dealing with needs . . . . .	305
	Documenting Your Assumptions . . . . .	305
	Presenting Your Scope Statement . . . . .	306
<b>CHAPTER 4:</b>	<b>Developing a Game Plan . . . . .</b>	<b>309</b>
	Breaking Your Project into Manageable Chunks . . . . .	309
	Thinking in detail . . . . .	310
	Identifying necessary project work with a work breakdown structure . . . . .	311
	Dealing with special situations . . . . .	319
	Creating and Displaying a WBS . . . . .	322
	Considering different schemes . . . . .	322
	Developing your WBS . . . . .	323

	Categorizing your project's work. ....	325
	Labeling your WBS entries. ....	326
	Displaying your WBS in different formats. ....	328
	Improving the quality of your WBS. ....	330
	Using templates. ....	331
	Identifying Risks While Detailing Your Work. ....	332
	Documenting Your Planned Project Work. ....	334
<b>CHAPTER 5:</b>	<b>Keeping Everyone Informed. ....</b>	<b>335</b>
	Successful Communication Basics. ....	336
	Breaking down the communication process. ....	336
	Distinguishing one-way and two-way communication. ....	337
	Can you hear me? Listening actively. ....	338
	Choosing the Appropriate Medium for Project Communication. ....	340
	Just the facts: Written reports. ....	340
	Move it along: Meetings that work. ....	342
	Preparing a Written Project-Progress Report. ....	345
	Making a list and checking it twice. ....	345
	Knowing what's hot (and what's not) in your report. ....	345
	Earning a Pulitzer, or at least writing an interesting report. ....	346
	Holding Key Project Meetings. ....	351
	Regularly scheduled team meetings. ....	351
	Ad hoc team meetings. ....	352
	Upper-management progress reviews. ....	352
	Preparing a Project Communications Management Plan. ....	353
	<b>BOOK 5: LINKEDIN. ....</b>	<b>355</b>
<b>CHAPTER 1:</b>	<b>Looking into LinkedIn. ....</b>	<b>357</b>
	Understanding Your New Contact Management and Networking Toolkit. ....	358
	Keeping track of your contacts. ....	359
	Understanding the different degrees of network connections. ....	360
	Discovering What You Can Do with LinkedIn. ....	363
	Building your brand and profile. ....	363
	Looking for a job now or later. ....	364
	Finding out all kinds of valuable information. ....	366
	Expanding your network. ....	366
	Understanding LinkedIn Costs and Benefits. ....	367
	Weighing free versus paid accounts. ....	367
	Comparing the paid accounts. ....	368
	Upgrading to a premium account. ....	370
	Navigating LinkedIn. ....	373
	Touring the top navigation bar. ....	374
	Looking at the Settings & Privacy page. ....	375

<b>CHAPTER 2:</b>	<b>Signing Up and Creating Your Account</b>	377
	Joining LinkedIn	377
	Joining with an invitation	378
	Joining without an invitation	379
	Completing the sign-up process	380
	Starting to Build Your Network	388
<b>CHAPTER 3:</b>	<b>Growing Your Network</b>	391
	Building a Meaningful Network	392
	Importing Contacts into LinkedIn	395
	Importing a contacts list from your email system	395
	Checking for members	399
	Finding classmates	399
	Using the People You May Know feature	401
	Browsing your connections' networks	402
	Sending Connection Requests	405
	Sending requests to existing members	405
	Understanding why you shouldn't use canned invitations	407
	Sending requests to nonmembers	408
	Communicating the value of joining LinkedIn	409
	Removing people from your network	410
	Accepting (or Gracefully Declining) Invitations	412
<b>CHAPTER 4:</b>	<b>Exploring the Power of Recommendations</b>	415
	Understanding Recommendations	416
	Writing Recommendations	418
	Choose wisely, grasshopper: Deciding whom to recommend	418
	Look right here: Making your recommendation stand out	419
	Creating a recommendation	420
	Requesting Recommendations	422
	Choosing whom to ask	422
	Creating a polite recommendation request	423
	Gracefully Declining a Recommendation (or a Request for One)	425
	Managing Recommendations	426
	Editing or removing recommendations you've made	426
	Handling new recommendations you've received	427
	Removing or requesting to revise a recommendation	429
<b>CHAPTER 5:</b>	<b>Finding Employees</b>	431
	Managing Your Job Listings	432
	Posting a job listing	433
	Advertising your job listing to your network	436
	Reviewing applicants	439
	Screening Candidates with LinkedIn	442
	Using Strategies to Find Active or Passive Job Seekers	444

<b>BOOK 6: BUSINESS WRITING</b> .....	445
<b>CHAPTER 1: Planning Your Message</b> .....	447
Adopting the Plan-Draft-Edit Principle .....	447
Fine-Tuning Your Plan: Your Goals and Audience .....	448
Defining your goal: Know what you want .....	448
Defining your audience: Know your reader .....	450
Brainstorming the best content for your purpose .....	454
Writing to groups and strangers .....	455
Imagining your readers .....	455
Making People Care .....	457
Connecting instantly with your reader .....	457
Focusing on WIIFM .....	458
Highlighting benefits, not features .....	459
Finding the concrete and limiting the abstract .....	459
Choosing Your Written Voice: Tone .....	461
Being appropriate to the occasion, relationship, and culture. . .	462
Writing as your authentic self .....	463
Being relentlessly respectful .....	463
Smiling when you say it .....	464
Using Relationship-Building Techniques .....	465
Personalizing what you write .....	466
Framing messages with <i>you</i> , not <i>I</i> .....	466
<b>CHAPTER 2: Making Your Writing Work</b> .....	469
Stepping into a Twenty-First-Century Writing Style .....	469
Aiming for a clear, simple style .....	470
Applying readability guidelines .....	471
Finding the right rhythm .....	474
Achieving a conversational tone .....	476
Enlivening Your Language .....	478
Relying on everyday words and phrasing .....	478
Choosing reader-friendly words .....	479
Focusing on the real and concrete .....	480
Finding action verbs .....	482
Crafting comparisons to help readers .....	483
Using Reader-Friendly Graphic Techniques .....	485
Building in white space .....	485
Toying with type .....	485
Keeping colors simple .....	487
Adding effective graphics .....	487
Breaking space up with sidebars, boxes, and lists .....	488

<b>CHAPTER 3: Improving Your Work</b>	491
Changing Hats: Going from Writer to Editor	491
Choosing a way to edit	492
Distancing yourself from what you write	494
Reviewing the Big and Small Pictures	495
Assessing content success	495
Assessing the effectiveness of your language	496
Avoiding telltale up-down-up inflection	498
Looking for repeat word endings	499
Pruning prepositions	502
Cutting all non-contributing words	502
Moving from Passive to Active	505
Thinking action	505
Trimming <i>there is</i> and <i>there are</i>	506
Cutting the <i>haves</i> and <i>have-nots</i>	507
Using the passive deliberately	507
Sidestepping Jargon, Clichés, and Extra Modifiers	508
Reining in jargon	508
Cooling the clichés	510
Minimizing modifiers	510
<b>CHAPTER 4: Troubleshooting Your Writing</b>	513
Organizing Your Document	513
Paragraphing for logic	514
Building with subheads	515
Working with transitions	516
Working in lists: Numbers and bulleting	518
Catching Common Mistakes	521
Using comma sense	522
Using <i>however</i> correctly	523
Matching nouns and pronouns	524
Weighing <i>which</i> versus <i>that</i>	525
Pondering <i>who</i> versus <i>that</i>	526
Choosing <i>who</i> versus <i>whom</i>	526
Beginning with <i>and</i> or <i>but</i>	528
Ending with prepositions	528
Reviewing and Proofreading: The Final Check	529
Checking the big picture	529
Proofreading your work	530
Creating your very own writing improvement guide	532

<b>CHAPTER 5: Writing Emails That Get Results</b>	535
Fast-Forwarding Your Agenda In-House and Out-of-House	536
Getting Off to a Great Start	538
Writing subject lines that get your message read	538
Using salutations that suit	540
Drafting a strong email lead	541
Building Messages That Achieve Your Goals	542
Clarifying your goals	543
Assessing what matters about your audience	544
Determining the best content for emails	546
Structuring Your Middle Ground	548
Closing Strong	550
Perfecting Your Writing for Email	551
Monitoring length and breadth	552
Styling it right	552
Going short: Words, sentences, paragraphs	552
Using graphic techniques to promote clarity	553
Using the signature block	555

## **BOOK 7: DIGITAL MARKETING** 557

<b>CHAPTER 1: Understanding the Customer Journey</b>	559
Creating a Customer Avatar	560
Components of your customer avatar	561
Introducing Agency Eric: A customer avatar example	562
Getting clear on goals and values	563
Finding sources of information and entertainment	564
Honing in on demographics	564
Adding challenges and pain points	565
Preparing for objections	566
Getting Clear on the Value You Provide	566
Knowing the Stages of the Customer Journey	568
Step 1: Generating awareness	568
Step 2: Driving engagement	569
Step 3: Building subscribers	570
Step 4: Increasing conversions	571
Step 5: Building excitement	572
Step 6: Making the core offer sale and more	573
Step 7: Developing brand advocates	574
Step 8: Growing brand promoters	574
Preparing Your Customer Journey Road Map	575



<b>CHAPTER 2: Crafting Winning Offers</b>	<b>577</b>
Offering Value in Advance	578
Designing an Ungated Offer	579
Designing a Gated Offer	580
Zeroing in on what matters	581
Making a specific promise	582
Giving a specific example	582
Offering a specific shortcut	583
Answering a specific question	583
Delivering a specific discount	583
Generating leads with educational content	583
Generating leads with tools	586
Filling out the gated offer checklist	587
Designing Deep-Discount Offers	590
Using physical premiums	590
Employing a book	591
Leveraging the webinar	591
Selling software	592
Splintering a service	592
Brainstorming little victories to offer your leads	593
Filling out the deep-discount offer checklist	593
Discovering your deep-discount offer	594
Maximizing Profit	595
Making an upsell or cross-sell offer	596
Building bundles and kits	597
Tacking on a slack adjuster	597
Recurring billing	597
<b>CHAPTER 3: Pursuing Content Marketing Perfection</b>	<b>599</b>
Knowing the Dynamics of Content Marketing	600
Finding Your Path to Perfect Content Marketing	601
Understanding the marketing funnel	602
Exploring the prospect's intent	610
Providing a path to the next step	611
Segmenting your marketing with content	612
Appearing everywhere your customer expects	613
Customizing your content	614
Executing Perfect Content Marketing	614
Step 1: Choosing avatars	615
Step 2: Brainstorming content assets	615
Step 3: Choosing the vehicle and channel	616
Step 4: Planning for ascension	616

Distributing Content to Attract an Audience . . . . .	616
Marketing through email . . . . .	617
Capturing leads through search marketing . . . . .	617
Using social media to drive traffic to your site . . . . .	617
Paying for traffic . . . . .	618
<b>CHAPTER 4: Blogging for Business . . . . .</b>	<b>621</b>
Establishing a Blog Publishing Process . . . . .	622
Brainstorming blog post ideas . . . . .	622
Establishing content segments . . . . .	625
Working with content creators . . . . .	626
Editing the first draft . . . . .	630
Copyediting the post . . . . .	631
Applying Blog Headline Formulas . . . . .	631
Tapping into self-interest . . . . .	631
Piquing curiosity . . . . .	632
Employing urgency and scarcity . . . . .	632
Issuing a warning . . . . .	633
Borrowing authority . . . . .	633
Revealing the new . . . . .	633
Auditing a Blog Post . . . . .	634
Present an exceptional headline . . . . .	634
Include a strong introduction . . . . .	635
Offer easy-to-consume content . . . . .	636
Satisfy your goal . . . . .	637
Include quality media . . . . .	638
Provide a compelling close . . . . .	638
Use search engine optimization . . . . .	639
Categorize your topics . . . . .	639
Deliver on the promise . . . . .	640
Keep professional consistency . . . . .	640
<b>CHAPTER 5: Following Up with Email Marketing . . . . .</b>	<b>641</b>
Understanding Marketing Emails . . . . .	642
Promotional emails . . . . .	642
Relational emails . . . . .	643
Transactional emails . . . . .	643
Sending Broadcast and Triggered Emails . . . . .	644
Broadcast emails . . . . .	645
Triggered emails . . . . .	645
Building a Promotional Calendar . . . . .	646
Cataloging your products and services . . . . .	646
Creating an annual promotional plan . . . . .	647
Developing a marketing plan . . . . .	648

Creating a 30-day calendar .....	650
Creating a 90-day rolling calendar .....	651
Creating Email Campaigns .....	651
Indoctrination campaigns .....	652
Engagement campaigns .....	653
Ascension campaigns .....	654
Segmentation campaigns .....	654
Reengagement campaigns .....	655
Writing and Designing Effective Emails .....	656
Harvesting proven email copy .....	657
Answering four questions .....	657
Knowing why people buy .....	658
Writing effective email subject lines .....	658
Writing body copy .....	659
Cuing the Click .....	660
Getting More Clicks and Opens .....	660
Ensuring Email Deliverability .....	663
Monitoring your reputation .....	664
Proving subscriber engagement .....	664
<b>INDEX .....</b>	<b>667</b>



# Introduction

---

**W**hen was the last time you received an email and cringed at the muddled organization and horrible grammar? Or you felt so overwhelmed that your productivity plummeted? Or how about the last time you were so unsure about making a big decision that you came across as unprepared or worse — unprofessional?

Unfortunately, business professionals in all stages of their careers encounter these situations at one point or another. Although these instances may seem benign on the surface, they harm your professional reputation, which is hard to reverse. Would you want to do business with someone who is so unorganized that he constantly misses project deadlines or turns in shoddy work because he's rushed? Of course not! Project management and having a solid organizational system are just a couple of the secrets to success that we discuss in this book.

## About This Book

---

This book provides you with detailed information on topics that will help you gain the confidence needed to grow and advance in your business life. You'll read about the ins and outs of the income statement, balance sheet, and statement of cash flows, how to craft the perfect written document that gets results, how to plan a project like a pro, and more.

## Foolish Assumptions

---

There's a time and a place for just about everything and assumptions are no different. First, we assume that you are a business professional and you're ready, willing, and able to devote some time and energy into honing your business skills.

We also assume that you have at least a general knowledge of the major software packages that businesses use and are interested in utilizing them to advance in your professional activities. If that's the case, this is the book for you!

# Icons Used in This Book

Throughout this book, you'll find special icons to call attention to important information. Here's what to expect.



TIP

"If you see people falling asleep during your presentations, bang a book against the table to wake them up." Kidding!

This icon is used for helpful suggestions and things you may find useful at some point. No worries, though: No one will be falling asleep during your presentations if you take to heart the tip written here!



REMEMBER

This icon is used when something is essential and bears repeating. Again, this icon is used when something is essential and bears repeating. (See what we did there?)



TECHNICAL  
STUFF

The little Dummies Man is information to share with the people who handle the technical aspect of things. You can skip technical-oriented information without derailing any of the hard work you're putting toward achieving your best professional self.



WARNING

Pay attention to these warnings to avoid potential pitfalls. Nothing suggested will get you fired or arrested (unless you do something like practice mindfulness *so well* that you start to nod off while driving or during meetings with the CEO — we can't help you there). If you see this icon, slow down and proceed with caution.

## Beyond the Book

Although this book is a one-stop shop for your professional development, we can cover only so much in a set number of pages! If you find yourself at the end of this book thinking, "This was an amazing book! Where can I learn more about how to advance my career by working on my business skills?" head over to [www.dummies.com](http://www.dummies.com) for more resources.

For details about significant updates or changes that occur between editions of this book, go to [www.dummies.com](http://www.dummies.com), search for *Business Skills All-in-One For Dummies*, and open the Downloads tab on this book's dedicated page.

In addition, check out the cheat sheet for this book for tips on making informed decisions, avoiding common project management pitfalls, building your LinkedIn network, and more. To get to the cheat sheet, go to [www.dummies.com](http://www.dummies.com), and then type *Business Skills All-in-One For Dummies* in the Search box.

# Where to Go from Here

---

The minibooks and chapters are written to stand on their own, so you can start reading anywhere and skip around as you see fit.

If you don't know where to start, check out Book 1, Chapter 1. However, if you see a particular topic that piques your interest, feel free to jump right into its chapter.





# 1

# Accounting

# Contents at a Glance

<b>CHAPTER 1:</b>	<b>Introducing Financial Statements</b>	7
	Setting the Stage for Financial Statements	8
	Income Statement	10
	Balance Sheet	13
	Statement of Cash Flows	17
	A Note about the Statement of Changes in Shareowners' Equity	20
	Gleaning Important Information from Financial Statements	20
	Keeping in Compliance with Accounting and Financial Reporting Standards	24
<b>CHAPTER 2:</b>	<b>Reporting Profit or Loss in the Income Statement</b>	31
	Presenting Typical Income Statements	32
	Taking Care of Housekeeping Details	36
	Being an Active Reader	38
	Deconstructing Profit	40
	Pinpointing the Assets and Liabilities Used to Record Revenue and Expenses	45
	Reporting Unusual Gains and Losses	51
	Watching for Misconceptions and Misleading Reports	53
<b>CHAPTER 3:</b>	<b>Reporting Financial Condition in the Balance Sheet</b>	55
	Expanding the Accounting Equation	56
	Presenting a Proper Balance Sheet	57
	Judging Liquidity and Solvency	61
	Understanding That Transactions Drive the Balance Sheet	64
	Sizing Up Assets and Liabilities	68
	Financing a Business: Sources of Cash and Capital	74
	Recognizing the Hodgepodge of Values Reported in a Balance Sheet	77
<b>CHAPTER 4:</b>	<b>Reporting Cash Sources and Uses in the Statement of Cash Flows</b>	79
	Meeting the Statement of Cash Flows	80
	Explaining the Variance between Cash Flow and Net Income	84
	Sailing through the Rest of the Statement of Cash Flows	90
	Pinning Down Free Cash Flow	94
	Limitations of the Statement of Cash Flows	95
<b>CHAPTER 5:</b>	<b>Reading a Financial Report</b>	97
	Knowing the Rules of the Game	98
	Making Investment Choices	99
	Contrasting Reading Financial Reports of Private versus Public Businesses	101
	Using Ratios to Digest Financial Statements	102
	Frolicking through the Footnotes	117
	Checking Out the Auditor's Report	118

#### IN THIS CHAPTER

- » Identifying the information components in financial statements
- » Evaluating profit performance and financial condition
- » Knowing the limits of financial statements
- » Recognizing the sources of accounting standards

## Chapter 1

# Introducing Financial Statements

In this chapter, you get interesting tidbits about the three primary business financial statements, or *financials*, as they're sometimes called: the income statement, the balance sheet, and the statement of cash flows.

For each financial statement, we introduce its basic information components. The purpose of financial statements is to communicate information that is useful to the readers of the financial statements, to those who are entitled to the information. Financial statement readers include the managers of the business and its lenders and investors. These constitute the primary audience for financial statements. (Beyond this primary audience, others are also interested in a business's financial statements, such as its labor union or someone considering buying the business.) Think of yourself as a shareholder in a business. What sort of information would you want to know about the business? The answer to this question should be the touchstone for the accountant in preparing the financial statements.

The financial statements explained in this chapter are for businesses. Business financial statements serve as a useful template for not-for-profit (NFP) entities and other organizations (social clubs, homeowners' associations, retirement communities, and so on). In short, business financial statements are a good

reference point for the financial statements of non-business entities. There are differences but not as many as you may think. As you go along in this and the following chapters, we point out the differences between business and non-business financial statements.

Toward the end of this chapter, we briefly discuss accounting standards and financial reporting standards. Notice here that we distinguish accounting from financial reporting. *Accounting standards* deal primarily with how to record transactions for measuring profit and for putting values on assets, liabilities, and owners' equity. *Financial reporting standards* focus on additional aspects such as the structure and presentation of financial statements, disclosure in the financial statements and elsewhere in the report, and other matters. We use the term *financial accounting* to include both types of standards.



TIP

The philosophy behind the need for standards is that all businesses should follow uniform methods for measuring and reporting profit performance and reporting financial condition. Consistency in financial accounting across all businesses is the name of the game. We won't bore you with a lengthy historical discourse on the development of accounting and financial reporting standards in the United States. The general consensus (backed by law) is that businesses should use consistent accounting methods and terminology. General Motors and Microsoft should use the same accounting methods; so should Wells Fargo and Apple. Of course, businesses in different industries have different types of transactions, but the same types of transactions should be accounted for in the same way. That is the goal.

## Setting the Stage for Financial Statements

This chapter focuses on the basic *information components* of each financial statement reported by a business.

### Offering a few preliminary comments about financial statements

Realistic examples are needed to illustrate and explain financial statements, which presents a slight problem. The information content of a business's financial statements depends on whether it sells products or services, invests in other businesses, and so on. For example, the financial statements of a movie theater chain are different from those of a bank, which are different from those of an airline, which are different from an automobile manufacturer's, which are different from — well, you name it.

The classic example used to illustrate financial statements involves a business that sells products and sells on credit to its customers. Therefore, the assets in the example include *receivables* from the business's sales on credit and *inventory* of products it has purchased or manufactured that are awaiting future sale. Keep in mind, however, that many businesses that sell products do not sell on credit to their customers. Many retail businesses sell only for cash (or accept credit or debit cards that are near cash). Such businesses do not have a receivables asset.



REMEMBER

The financial statements of a business do not present a history of the business. Financial statements are, to a large extent, limited to the recent profit performance and financial condition of the business. A business may add some historical discussion and charts that aren't strictly required by financial reporting standards. (Public corporations that have their ownership shares and debt traded in open markets are subject to various disclosure requirements under federal law, including certain historical information.)

The illustrative financial statements that follow do not include a historical narrative of the business. Nevertheless, whenever you see financial statements, we encourage you to think about the history of the business. To help you out in this regard, here are some particulars about the business example in this chapter:

- » It sells products to other businesses (not on the retail level).
- » It sells on credit, and its customers take a month or so before they pay.
- » It holds a fairly large stock of products awaiting sale.
- » It owns a wide variety of long-term operating assets that have useful lives from 3 to 30 years or longer (building, machines, tools, computers, office furniture, and so on).
- » It has been in business for many years and has made a profit most years.
- » It borrows money for part of the total assets it needs.
- » It's organized as a corporation and pays federal and state income taxes on its annual taxable income.
- » It has never been in bankruptcy and is not facing any immediate financial difficulties.

The following sections present the company's annual income statement for the year just ended, its balance sheet at the end of the year, and its statement of cash flows for the year.

## Looking at other aspects of reporting financial statements



TIP

Dollar amounts in financial statements are typically rounded off, either by not presenting the last three digits (when rounded to the nearest thousand) or by not presenting the last six digits (when rounded to the nearest million by large corporations). We strike a compromise on this issue and show the last three digits for each item as 000, which means that we rounded off the amount but still show all digits. Many smaller businesses report their financial statement dollar amounts to the last dollar or even the last penny, for that matter. Keep in mind that having too many digits in a dollar amount makes it hard to comprehend.

Actual financial statements use only one- or two-word account titles on the assumption that you know what all these labels mean. What you see in this chapter, on the other hand, are the basic information components of each financial statement. We provide descriptions for each financial statement element rather than the terse and technical account titles you find in actual financial statements. Also, we strip out subtotals that you see in actual financial statements because they aren't necessary at this point. So, with all these caveats in mind, let's get going.



REMEMBER

Oops! We forgot to mention a few things about financial reports. Financial reports are rather stiff and formal. No slang or street language is allowed, and we've never seen a swear word in one. Financial statements would get a G in the movies rating system. Seldom do you see any graphics or artwork in a financial statement itself, although you do see a fair amount of photos and graphics on other pages in the financial reports of public companies. And there's virtually no humor in financial reports. However, Warren Buffet, in his annual letter to the stockholders of Berkshire Hathaway, includes some wonderful humor to make his points.

## Income Statement

First on the minds of financial report readers is the profit performance of the business. The *income statement* is the all-important financial statement that summarizes the profit-making activities of a business over a period of time. Figure 1-1 shows the basic information content of an external income statement for our company example. *External* means that the financial statement is released outside the business to those entitled to receive it — primarily its shareowners and lenders. Internal financial statements stay within the business and are used mainly by its managers; they aren't circulated outside the business because they contain competitive and confidential information.