



Clients & Profits News Winter 2006

It's a brand-new year ... time to get a-plannin'



Whether your business is new or not, you've gotta have a plan.

A business plan, that is.

The best business plans tell a story: They communicate objectives. They articulate strategy. And they define success. Your business plan offers investors, partners, vendors, and co-workers not just your vision of the shop's goals, but its future.

Clients & Profits brings your business plan to life and puts it into action. It reveals and validates your plan (for better or worse). You'll find out inside.

Speaking of planning, we're doing a little ourselves. This year is our 20th birthday and we're taking some time to reflect on our past and our future. From the start we wanted to be an integral part of our clients' business lives, giving organization and efficiency to an industry not known for accountability. Almost 3,000 clients later, it's still at the top of our list.

We hope that's why you stick with us, too.

Continued on the next page

TWO-MINUTE TUTORIAL



HOW CLIENTS & PROFITS MAKES BUSINESS PLANNING EASY

By Mindy Williams

Can you believe that Microsoft Excel is 20 years old? Back in 1985, if you did business planning you probably used Lotus 1-2-3 (remember that?) on an IBM PC. Excel was different. It ran only on the then-new Macintosh. Unlike the cryptic 1-2-3, Excel had the real Mac look-and-feel, and you could format your spreadsheet any way you wanted.

Excel arguably saved the struggling Mac. And it made electronic spreadsheets as easy to use as the Mac itself.

Chances are, if you do business planning today, you're still using Microsoft Excel. But you're probably relying on it too much.

Why? Because some terrific business planning and analysis tools are built into the system you're already using to track jobs, costs, and billings: Clients & Profits!

What is Clients & Profits' advantage? The numbers you need to manage your shop are compiled automatically from the day-to-day entry of estimates, time, costs, invoices, etc. There's no rekeying into rows and columns to get key metrics about sales, margins, and utilization.

As a planning tool, Clients & Profits excels (pun!) at budgeting and estimating. Client billings can be projected then compared to actuals in real-time, helping your account service staff focus their efforts on your most valuable clients. To see the

big picture, the budget worksheet lets you project your billings, costs, and expenses for each month.

As an analytical tool, Clients & Profits offers hundreds of reports that measure and analyze almost every part of your business anytime throughout the year. What are your shop's strengths and weaknesses? Productivity reports provide not only the number of hours spent on jobs, but also reveal key stats like the cost of that labor, billable vs. unbillable hours, and staff utilization.

It's not difficult at all to get numbers from Clients & Profits' reports into Excel. Most reports are spreadsheet-ready. Just print a report to screen, choose Edit > Select All then copy it.

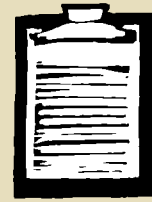
The data can now be pasted into Excel fully formatted.

Only Clients & Profits gives you both inside information and planning tools to set goals and track results without juggling applications. It reduces inaccuracies and uncertainties because its numbers are real, not guesses plugged into a spreadsheet.

You know there's nothing more virtuous than good planning. And with Clients & Profits, you have everything you need to make it happen.

Microsoft Excel and Clients & Profits play well together. Any report can be exported as a spreadsheet then opened in Excel, saving hours of rekeying. Also, C&P data can be copied and pasted into a spreadsheet from any screen-based report simply by selecting it.

Mindy Williams is a senior member of the Clients & Profits Helpdesk and teaches the New User Training Class. She can be reached at mindy@cnp-x.com



THINGS TO DO THIS QUARTER

Certain steps and tactics can save you time, money, and stress. So start the new year right with these common best-practices:

■ Update, and make current your accounting

If you're on a calendar year, you might be getting ready to close the year and/or print 1099 reports and forms. Settle down with a nice cup of tea and take the year-end guided tour: www.cnp-x.com/support/close_year

■ Delay, or defer income

When income is higher than usual, or when tax rates in the coming year are going to be lower, any payments your shop can receive in early January as opposed to December cuts your current year tax bill.

■ Increase expenses

If your shop has a profit, consider paying some anticipated expenses before next year. Purchase items your shop requires in the immediate future to maximize deductions for this year, e.g., office supplies, monthly bills (rent, insurance, etc.). Doing this can result in additional deductions on your current year's taxes.

■ Contribute to a retirement fund

Make payments to your retirement plan or set one up before the year-end to reduce your income for this year. The IRS has provided incentives for small companies to establish retirement plans.

■ Reassess health insurance coverage

To deal with probable increased premiums next year.

■ Make charitable contributions

Don't forget to make any early 2006 donations in 2005. Remember to get a receipt for your records.

By developing a year-end "To-Do" list, you'll consider financial and tax issues that can reduce tax liability and affect your shop's finances in the current tax year and for years to come.

FIRST RULE OF YEAR-END CLOSING: DON'T PANIC!

Dear Judy:

"I have never run the close year tool before. What steps do I take before I click the Start button?"

— Christine, Chicago

Closing your year is not as complicated or mysterious as people think. Like Groundhog Day, the same issues pop up every year.

That's how I thought of my six Year-End Closing Rules:

#1) **DON'T PANIC:** If your books are in order, closing only takes a couple of hours. But if you've procrastinated reviewing your accounting for accuracy until now, then there could be a long, bumpy road ahead. If so, you'll need to play catch up first.

#2) **REVIEW, REVIEW:** First, everything needs to be posted. Then make sure the G/L is balanced. Wait for the January bank statement then reconcile the checking accounts. Finally, double-check everyone's work.

#3) **PRINT FINANCIALS FIRST:** Once the year is closed, only the new year's financials can be printed. So print any Detailed G/L reports, audit trails, journals, and final year-end financials now for your permanent records.

#4) **BACKUP, BACKUP, BACKUP:** One is for your normal backup (you're backing

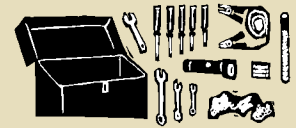
up every night, right?). Then burn a second copy on a CD to keep in your desk drawer; if needed, you'll have it close at hand. Now make a third copy as a permanent moment-in-time archive. Label the CD and store this one off-site (e.g., a safe deposit box, at home, in your CPA's office, etc.).

#5) **KICK EVERYONE OUT:** Closing is a single-user function, so no one can work on Clients & Profits until its finished. How to keep users from sneaking on? Drag the database onto your computer then run the close there. You'll also avoid any network burps that could cause interruptions.

#6) **DOUBLE-CHECK:** Print my favorite report, the YTD Trial Balance, after closing. There should no balances in future periods. If so, closing was somehow interrupted. If the report looks good, move the database back to the server and you're good to go.

You'll find a five-minute year-end closing tutorial at www.cnp-x.com/support/close_year and FAQs at www.cnp-x.com/support/FAQ_tech_index.php

Judy Salkind-McConnaughay is an 11-year veteran of the Clients & Profits Helpdesk and is a practicing bookkeeper. Ask your business management questions at www.clientsand-profits.com/support/askjudy



8 UNDERAPPRECIATED PLANNING TOOLS

■ A **creative brief** defines a job's objectives, strategy, and execution — in writing — so that you and your client are of one mind from the start, reducing costly misunderstandings later.

■ **Estimates** do more than show what the client will pay for the work. A well-written estimate clearly states what the client gets for their money, so that you're covered when the client changes its mind — and the fingers get pointed at you (you're doing one for every job, right?)

■ **Media plans** help your clients clearly see how you intend to spend their broadcast, interactive, print, and outdoor media dollars. And the more confident a client feels about your plan, the more likely they are to approve it.

■ **Job schedules** let you track the start date and finish date of each job task, which are used by the On-Time Analysis report to rank by client each creative team's performance.

■ The **Production Planner** sorts jobs by priority (e.g., RUSH, Killer Rush, etc.), helping you balance your resources to get the most important work done first.

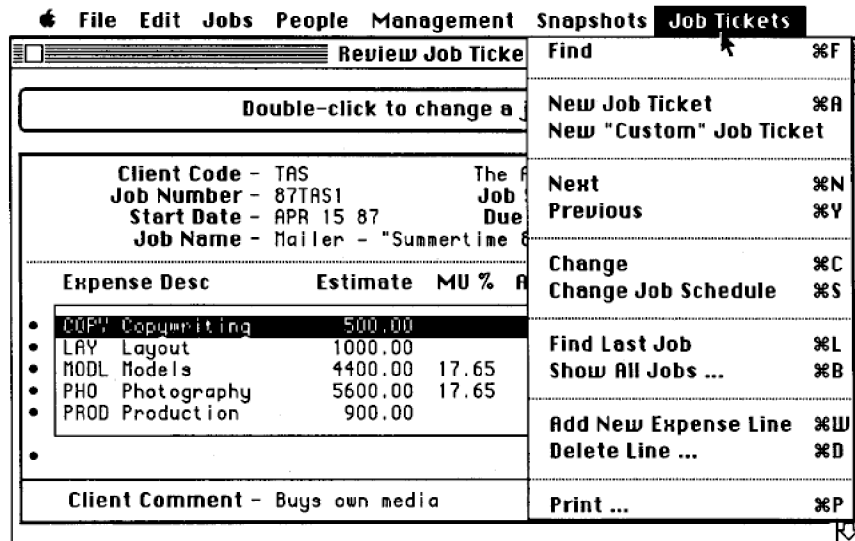
■ The **Job Snapshot** window lets you schedule a job's next billing. The planned billings are summarized together on the Snapshot Worksheet by client, which can be used to predict your upcoming cash flow.

■ If you add client budgets (i.e., the projected gross billings), the **Client P&L** report will calculate the gross income and billed vs. budget percentage. It's a great way to see which clients are really pulling their weight.

■ The **Projected Gross Margin** report (see Snapshots > Profitability) compares each client's projected profit for its open jobs based on the jobs' estimate, change orders, and budget.

CLIENTS & PROFITS FLASHBACK

1986



WE KNOW, IT DOESN'T LOOK LIKE MUCH NOW.

But twenty years ago, this was cutting edge. Clients & Profits 1.0 was the first (and for a long time the only) agency software for the then-new Macintosh.

Back then, creatives tracked jobs using giant manilla folders, 3-ring job binders, wall boards, and the just-invented Post-it notes. They left accounting to the back-office staff and their DOS-based IBM PCs.

(That is, if they had a computer at all.)

When we introduced Clients & Profits at the 1987 MacWorld Expo, it was an instant hit. For the first time creatives, account execs, and production staff in the shop could see clients, jobs, costs, and billings in real-time right from their desk — in glorious black-and-white (the color Mac II hadn't been invented yet).

In a time of green-screen minicomputers, ADMAN, and shoebox accounting, if you had a small ad agency and a Macintosh, Clients & Profits was it.

Thousands of advertising people spent their formative years using various generations of Clients & Profits. Even today, hundreds of original users are still part of the Clients & Profits family. That's probably why half of our new business comes from referrals.

2006

Job Tickets

find job: Find find more history:

creative brief estimates print specs change orders work order assets diary view>point:

Number: ABI-140 Collateral Billable Closed
 Client: ABI American Business Systems
 Name/Title: Deluxe Crosstab Package
 Client contact: Trish Stewart 926-0947 AE/team: DED
 Opened: 02/27/06 DED Started: 02/27/06 Project VAR
 Closed: Due: 03/24/06 Priority: Rush

Task:	Resource:	Estimate	Chg Orders:	Est Hrs:	Billed:	Unbilled:
x ADD Art Direction	BEN	\$ 180.00	\$ 850.00	2.00	\$ 270.00	\$ 213.75
DES Design/Concept	BAT	\$ 180.00	\$ 350.00	2.00	\$ 188.26	--
CTP Typesetting	BW	\$ 90.00	\$ 180.00	1.00	\$ 150.00	--
PRD Mechanical Art Assembly	BW	\$ 420.00	\$ 400.00	6.00	\$ 717.50	\$ 375.00
x COL Color Marking	BEN	\$ 180.00	--	2.00	\$ 188.26	--
x CPR Computer-Aided Production	NW	\$ 540.00	--	6.00	\$ 564.79	--
CPS Computer Photo Scans	BAT	\$ 100.00	--	1.00	\$ 104.59	--
PRM Production Management	--	\$ 360.00	--	4.00	\$ 630.00	\$ 450.00
CGL Computer-Generated Linos/Film	CL	\$ 200.00	--	2.00	\$ 188.26	--
x PDS Production Services	KM	\$ 108.00	--	0.00	\$ 112.96	--
x PMT Stats	CL	\$ 108.00	--	0.00	\$ 112.96	--
MSG Messenger Service	--	\$ 120.00	--	0.00	\$ 249.30	--
x PJC Project Coordination	CM	\$ 320.00	--	4.00	\$ 334.69	\$ 1,000.00
PJM Project Management	--	\$ 90.00	--	1.00	\$ 367.35	--
schedule traffic timeline		\$ 7,480.12	\$ 1,780.00	40.00	\$ 6,539.30	\$ 2,038.75

Prod Status: 200 Approved, In Production Assigned to: AC AK AD BW AD EL
 Bill Status: 500 Ready to Billing Review CW BAT PM GG PA MCR
 Status Note: Awaiting concept OK % estimate remaining: **013**

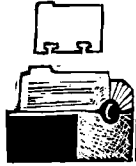
WHAT A DIFFERENCE TWENTY YEARS MAKE.

Now in its tenth generation, Clients & Profits was redesigned from the ground up exclusively for Mac OS X and Windows XP. Released in late 2004, Clients & Profits X became the fastest-selling upgrade in our company's history.

It's still the only complete job tracking, costing, billing, and accounting software for Mac and Windows — and the only one that supports both MySQL and Microsoft SQL Server.

Clients & Profits became the industry standard for advertising agency management systems because of its logical design, exceptional ease of use, and wealth of features. That's why it's been copied by numerous "competitors" over the years — most long gone. None have been able to match the support we offer to our clients, year after year.

BEST OF DAILY Q&As



Q. What's the best way to review outstanding client invoices?

A. The new Collection Manager in C&P X is a one-stop window for improving how to get paid. It's like a Daily Job Status window for unpaid invoices, listing everything owed to you. Track the status of each by choosing from 13 preset payment statuses. Notes can be added to each invoice to supplement its payment status (like a job diary entry). The Collection Manager report groups invoices by client, making it a convenient to-do list for AEs to track down the cash.

Q. Help! It's past December 31st and I'm not ready to close the year.

A. Depending on which version of C&P you're using, you have from 3 to 12 extra months in which to close. In C&P Classic, use the 3 extra months to continue working into the new year. During that time, prepare for closing last year. When you're ready, Clients & Profits closes the year, then takes all the data from the new year and makes it current.

Q. My boss is now worried about security. What's the best thing I can do to safeguard our work?

A. Backup your database every day. Have at least a week's worth of backups available (two weeks is better). Restore once in a while to check for reliability. Keep backup CDs off site for redundancy. And make sure that more than one person knows how to make and restore backups!

Q. If I'm ordering from a vendor one time, do I need to add them to the vendor file for 1099 purposes?

A. No. Use an overhead or job cost check to pay a one-time vendor. Add information you'll need for a 1099, e.g., full name, address, social security number, directly to the check and click the 1099 checkbox.

Q. When it's time to print the 1099s, how do I know who should get one?

A. C&P X knows; you don't have to. Print a 1099 Preview report first to review all the potential candidates. Each posted check (whether it's for a regular vendor or a one-time vendor) appears on the Preview report.

Q. What's the difference between the retained earnings account and the year-to-date net income account?

A. Retained earnings tracks net income (or loss) from previous accounting years. This account is only used

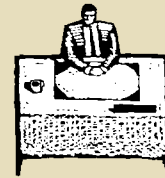
at year-end closing and for adjustments as directed by your CPA. The year-to-date net income account (which is always GL#999999) is calculated each time a financial report is printed. You can't post entries directly to this G/L account.

Q. Our accounting staff is busy getting ready to close our year. Should our production staff be busy doing something in C&P X as well?

A. Not really. Jobs, POs, and time sheets are not affected by the year-end closing process. However, they can't work while its closing.

Use the Collection Manager to track what you've done to get an invoice paid, similar to the billing work flow for unbilled jobs. The different statuses methodically walk through the collection process until the invoice is paid—or written off as uncollectable.

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GREAT TIPS FOR BETTER BUSINESS PLANNING

■ **Review unpaid receivables** Since with C&P X your shop uses the accrual method of accounting, review all customer receivables to determine if they are still collectible. If any client invoices have become uncollectible, you can deduct them as bad debts on this year's tax return.

■ **Make donations** Consider donating any goods or equipment that your shop is no longer using to recognized charitable organizations. Be sure to get a receipt! (But charity donations made by sole proprietors or S corporations don't apply to the shop — the deductions are passed through to individual owners and reported as an itemized deduction on an individual's return).

■ **To pay or not to pay ... bonuses** Paying bonuses can provide a double benefit to a shop! You can use them to reduce taxable income and recognize staff for a year of good work. Use bonuses as a reward for adding their time cards regularly. (Next year, reward for adding time accurately!!)

■ **Manage your shop's income** Another way of managing your income is to increase your expenses. Spending more before year's end reduces your shop's taxable income. Think about upcoming needs for products or services and buy them now.

INTEL MACS MAKE NEWS, TIGER SERVER PLAYS NICE (FINALLY)

By Chris Lawrence

Changes big and small happen daily in the computer world, and it's no small challenge to keep up. Here's a rundown of the latest IT trends that affect Clients & Profits:

■ **Intel Macs** At January's MacWorld Expo, Apple announced a titanic shift: the first Macs based on an Intel processor. These new Macs look and feel like the old Macs, but have the guts of a Windows-based PC.

Apple expects the new Intel Macs to be 3-4x faster. But even if those expectations are overstated (and, like gas mileage, probably are), Clients & Profits stands to run much faster on the new computers.

But before you replace your old Macs with new ones, be aware that the Intel Macs don't have a "classic" mode that runs OS 9. This means you cannot run old versions of Clients & Profits — you must upgrade to Clients & Profits X first.

■ **Mac OS X 10.4.4 (Tiger) Server** This server update is a breakthrough — it finally solves a long-standing cross-platform incompatibility that kept multi-user databases from being shared concurrently. This means an Xserve can now be used as a Clients & Profits database server for both Mac and Windows users.

■ **MySQL 5.0** This new version of the legendary open-source database is more evolutionary, not revolutionary. It adds worthwhile high-end features found previously only in Microsoft SQL Server (e.g., stored procedures, triggers, etc.) and claims to be faster than MySQL 4.1. Requires Clients & Profits Pro X 10.1 (see right).

■ **Microsoft SQL Server 2005** Like MySQL 5.0, this upgrade is also evolutionary. Its best feature for Clients & Profits system managers is its integrated database management tools, which are a big improvement.

The free "Express Edition" is meant to squeeze MySQL's increasing market share and should be ideal for small C&P databases (if you call 1gb small). Requires Clients & Profits SQL X 10.1 (see right).

■ **Windows Vista** The early test version of this long-awaited, security-focused upgrade to Microsoft Windows seems to run Clients & Profits fine. We can't see much direct benefit for Clients & Profits, but anything that makes Windows less virus-prone is a plus.

Chris Lawrence is Clients & Profits' CIO. Chris can be reached at the C&P Helpdesk or by e-mail at chris@cnp-x.com.



THE ROAD AHEAD

Speaking of business planning, we've been doing a little ourselves. With the release of Clients & Profits X behind us (it was the fastest-selling upgrade in our 20-year history), we've got more on tap for 2006:

■ **Clients & Profits X 10.1** — This upgrade will be a major event. It'll be a "universal binary" for the Intel Mac and promises to finally bring Windows-like speeds to the Mac version of Clients & Profits. We're planning new features (possibly sales commissions, vendor bidding, recurring billings, interactive scheduling) and over 25 new reports. Some versions will support the "free" community version of MySQL 5 and Microsoft's SQL Server 2005 Express Edition. *Availability: Summer 2006*

■ **My Clients & Profits! X** — Our venerable add-on web server will see a complete rewrite this spring. The user interface has been refreshed with a new C&P ASAP-like look-and-feel that's both easier to read and much faster to load. This free upgrade, which requires Clients & Profits X, will also be Mac OS X native. *Availability: Spring 2006*

■ **Clients & Profits ASAP 2.0** — Our 100% web-based studio manager just had its first anniversary. Big changes are in store for 2006 based on feedback from our users, including: the ability to print simple purchase orders; fully customizable task table, status table, and job type/spec sheets; automatic job e-mail notification; a time card stopwatch; and, enhanced billing. The new upgrade will be released in April in celebration of our 20th anniversary — and at a special rate of only \$20 per month for a full year!

■ **Clients & Profits 5.x** — Since the new Intel Macs no longer support "classic" apps, it's unlikely that we'll release another C&P Classic 5.x, C&P Pro 5.x, C&P SQL 5.x or Job Tracker 5.x update. However, product support will be provided indefinitely to support subscribers.



What's New...

By Mark Robillard

I'm a saver. I can't throw anything away. So I have drawers and boxes and piles of old sketches, marketing materials, to-do lists, and other Clients & Profits detritus I've collected over the past 20 years. I've been scrounging through it thinking about where we've gone since 1986. One of these days I should write about it.

MILESTONE As Clients & Profits X celebrated its one-year anniversary last November, it officially became our fastest-selling upgrade ever. If you've upgraded, thank you for your support. I hope you like it.

STAFF NEWS New hires: Marcelo Abans is a former web master for an extreme sports magazine and has extensive experience with graphic design tools and web programming. Erik Owens is a web administrator with a strong background in servers, networking, SQL, and PHP. Anniversaries: Jeanette (9 years); MJ (1 year); Kim (2 years).

MY C&P SURVEY As we work on the My C&P! X upgrade, we're looking for feedback. So if you're currently using our add-on web server, let me know what you think: www.cnp-x.com/my/my_survey.html

SPEAKING OF WISHES All of the work we do is based on your suggestions. Our new web-based bug/wish list tracker makes it easy to have your voice heard: www.clientsandprofits.com/support/bugswishes

JOHN'S BACK (AND AVAILABLE) We're happy to welcome back John Duffy, a long-time staff member and ex-CTO, from

a year-long sabbatical in Denmark. John is now available for consulting, on-site installation, and training. He knows Clients & Profits from the inside and offers a wealth of technical and business knowledge from a creative point-of-view. He can be reached at compulicious@gmail.com

OLD VERSIONS OF CLIENTS & PROFITS

The new Intel Macs don't have a "classic" emulator, so won't run pre-C&P X versions of Clients & Profits. If you're still using C&P ez/4/PLUS or C&P Classic/Pro/Job Tracker 3.x/4.x/5.x, you'll need to keep your old Macs around for a while.

SPECIAL UPGRADE OFFER Our introductory prices on Clients & Profits X upgrades ends soon. We're offering generous trade-in credit for a limited time. Free demos are available at www.cnp-x.com/demo

Mark Robillard is Clients & Profits' founder and creative director. He can be reached at mark@cnp-x.com.

CLIENTS & PROFITS is an award-winning job tracking and accounting software made just for creative businesses. Since 1986, more advertising agencies have chosen Clients & Profits over any other agency management software for Macintosh and Windows. Nearly 3,000 ad agencies, graphic design firms, and corporate marketing departments use Clients & Profits to track jobs, costs, and billings every day. For more information, send E-mail to sales@cnp-x.com.

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