

THE LITTLE  OF

500 

BUSINESS TIPS



Summit
CONSULTANTS
Partners in Growth



PETER PERIVOLARIS



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Author Peter Perivolaris

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AUTHOR'S FOREWORD AND INTRODUCTION



Peter Perivolaris

As a follower of the old desktop calendars in the days before emails, I remember enjoying the daily message printed on each page. These messages were usually witty, pithy pronouncements of only a few lines. Quick and easy to read and digest, but still making an impression on the reader without taking up too much of their time.

Later as a golf tragic I also read Harvey Penick's *Little Black Book*, written as a series of short anecdotes and observations from his life as a golf teacher. There were no words or ideas wasted. The language used was punchy, no-nonsense, simple; yet effective and efficient. This writing style also made a lasting impression on me. And of course there is the influence of the style of the famous ancient Bible text of the Book of Proverbs.

Then came emails. I had conceived the idea more than ten years ago to circulate by email on a weekly basis my observations and experiences in business over more than three decades. I decided to call these messages "business tips". Using email was intended to avoid the messy business of mailing letters and keeping people's addresses, all for minimal cost. We have all been bombarded with emails and managing to keep up is an acquired skill. However, the delete key on the keyboard became one of my greatest potential enemies in getting my email messages across.

Hence I borrowed from the writing styles I have alluded to above, to limit my emails to approximately 4 lines in my Word document. This was prior to the advent of the 140 character tweets, but follows the

same reasoning. I could include the message in the body of the email and it could be read while the finger of some recipients was poised over the delete key but the message could still be absorbed in just a few seconds before the key was pressed!

Limiting the length of the emails imposed a discipline on me to be very particular about my choice of words, so that I could convey my meaning as succinctly as possible while trying to make the message more memorable. The title of the original Word document was "1,001 Business Tips". While I have written more than 500 tips to date, the first 500 appear in this first volume.

My hope is to write another 501 tips by the end of my working life and if I achieve this, the aim is to publish all 1,001 in a second edition. Also, I have retained the original numbering of the tips which shows the progression and evolution of my thinking, or noting events that occurred over the ten or so years that the tips were written.

The ideas have come from conversations with clients, colleagues, business associates, friends and actual business events over the past few decades. My purpose is to capture an idea or thought that is as close to a truism as I can find. Over the years a particular point can be repeated with a different nuance or perspective. Often, an idea may resonate with one reader, while a similar idea written from a different angle may be unremarkable to them yet resonate strongly with a different reader. Thus like golf teaching, sometimes saying the same thing often but in different ways may be what it takes before someone appreciates the point being made so I apologize if at times some tips appear similar. Often, these tips will be grouped together under the same heading.

The various tips cover a range of business themes. We discuss how to start a business, how to build one and how to close it. We talk about the strategies for operating a business and what values a business should have. Much time is spent on employees, often one of the key ingredients to business growth and performance: how to hire them, manage them and seek alternatives to hiring them, including how to exploit and manage technology.

In putting together this eBook, it was my pleasant task to catalogue and arrange the tips within these themes into chapters and sub-headings, so that they made more sense to the reader, and enable the reader to gain insights into a particular chapter of their choice. In the process I re-read the tips, many of which I had not revisited for many years, and was pleased to find that they were still apt and applicable.

I trust that you will enjoy this compilation of my Business Tips, and that you can apply many of the ideas to your business and work life. You may not agree with everything I've written, but at the very least it is my desire that it should challenge your thinking. And I hope you will look forward to the weekly additions that are made as we progress towards 1,001 Business Tips.

Peter Perivolaris

CHAPTER 1



Building THE BUSINESS



SOME BUILDING TOOLS

Build Bridges

#169 Building relationships with clients is akin to building layers of a bridge. The more layers, the stronger the bridge. Or think of it as creating connections between parts of the brain. As you call on each connection, the brain builds a stronger neuron link. So the more you communicate with your clients, the closer is your relationship.

Build Pillars

There are many pillars of marketing upon which businesses can grow: public relations, referrals, direct marketing, advertising, sales forces. If you rely on only one of these pillars, changing circumstances may cause your enquiries to dry up. Conversely, employing a number of pillars can have a compounding positive effect.

#173

Build Relationships

#184 Before asking a prospect for their business, try and build a relationship first. Find some way to add value to them without expecting them to reciprocate. Even if they don't, it will be much easier for you to approach them later, when you have built some foundations to your relationship.

Build relationships with the key decision makers. They are the ones in the end who will introduce you to the relevant people in their organisation, and act as your advocate. If your contact can be overridden by someone with whom you have no relationship, you are in a precarious position.

#198

Sales Planning

- #176** | Sales need to have a degree of reliability for the business to remain under control. Planning increases certainty; more certainty results in control. Lack of planning creates uncertainty; which in turn can lead to chaos.

Measuring Success

How do you know if your business is being successful? If you can't tell, why don't you start by looking back at the goals and objectives you wrote down a year ago and see how many you achieved? If you didn't write any down, now is a good time to start. That's what business plans are meant for.

#367

Reverse Synergy

- #2** | If you have any business units that are not profitable, they are being subsidised by those that are. The sum of the parts is less than the whole. That is reverse synergy, which doesn't make sense. It's not good business sense either.

Create Your Own Advisory Board

No matter how large or small your business is, you should have your own "Board of Directors". Include people like your accountant, your solicitor, a mentor or business coach, and a valued friend who runs their own successful business. These people have a wealth of business experience and knowledge.

#5

- #6** | Set-up quarterly board meetings to focus solely on your business. The positive impact this powerful board will have on your business will astound you, and will return your investment many times over. If you're just starting out, experienced people will often help you for very little cost.

Business Symphony

- #4** Try to get the sensation that your business is like an orchestra and you are the conductor. Listen for the slightest sound that is out of time or not in tune. Such music is painful to the ear. Work on those areas. When you have all the members of the orchestra playing together as you want them, you have a symphony.

The Secret Recipe

- Building a business is like baking a cake. You need the recipe and all the right ingredients for the cake to turn out right. Every business is unique, so you have to know what the correct recipe is and what precise ingredients are required. Don't put the cake in the oven until you do – you will have wasted your time and money.
- #8**

Think Outside Your Business

- #10** If you feel that the market for your business may be shrinking, ask yourself what complementary products or services are being sold to my customers? Chances are some of the suppliers of these feel as you do, and you could join forces with one or more of them to increase your market share.

Power Networks

- Set up a formal group of business owners from each of your networks: friends, local club, sport, church etc. Meet regularly and kick around your problems together. These will be great sources of fun, information, advice and referrals for your business.
- #13**

Don't Waste Your Talent

#15 You possess a superior talent that is an asset to your business. As the owner, don't fall into the trap of trying to do everything: your talent will be under used while you are doing other things, and you are your best employee.

Design your business so that it runs without you. Hire a chief executive to handle the day to day management, so that you can focus on the bigger picture and growing the business. Then you have a saleable asset instead of a job for life.

#16

#160 Too many business owners get caught up in activities they should delegate or subcontract. They worry about the cost of this work, and prefer the cash stays in their pocket. Michael Gerber says they're working "in the business, not on it" They don't understand they could make far more profitable use of their skills and time.

Be honest with yourself in assessing which are the areas that you do not possess the required level of expertise. Don't think you can do it all – nobody can. If sales is your weakness, you need a good salesperson. Look for the right people to provide your business with those attributes in some way.

#295

#447 If you are of the belief that no one else can do the job that you do, you will probably be the greatest obstacle to the growth of your business. You need to change your mindset if you want sustained growth. Start with automating and systemising your operations so you are not the magic.

Scope Creep

#481 | Be absolutely clear and upfront about the scope of what you are being asked to deliver. It is often the case that the buyer has a view in their mind of what they believe they are paying for, that may be far broader than what you are offering. Any initial misunderstandings will lead to later problems.

Friendly Competition

Never be too aloof from your competitors. In hard times, they are probably having the same experience as you. A joint venture in which you each halve your costs will make you both stronger and more profitable.

#19

#181 | Have you ever demonstrated great value to a client, by helping them to outshine the competition? Then, inexplicably, the client declines to use your services any more. Without disclosing your prior involvement, why not approach the competition and help them to outdo your former client?

The word “competitor” does not mean “enemy”. You may have many things in common with a number of your competitors. There are many creative ways to structure a mutually beneficial business arrangement to take advantage of those synergies. So engage competitors rather than avoid them.

#483

Growth By Acquisition

#20 | You can buy businesses creatively to bolt on sales, with little or no money upfront. The seller will often be happy to be paid over time from the enhanced profit of the merged business.

Write Down The Plan

#22 Don't underestimate the importance of writing down your business plan. The discipline of thinking through all of the issues in order to commit them to writing will avoid many mistakes. Involve your key staff. And don't forget to re-write it every year

Every detail of a business must be meticulously planned. Every contingency must be considered. You should leave no stone unturned to ensure that Murphy's Law does not take hold when you can least afford it.

#31

Write Down The Plan

#22 Don't underestimate the importance of writing down your business plan. The discipline of thinking through all of the issues in order to commit them to writing will avoid many mistakes. Involve your key staff. And don't forget to re-write it every year

Spread The Word

Let more people know that your business has expertise. Create free seminars to educate your customers and prospects on subjects that are of interest or problematic to them, and where you can represent your company as a leader in the field.

#24

Consuming Marketing

#107 Once your business has a product to sell about which you are passionate, a sense of marketing should start to consume you. You should spot and pursue every opportunity to promote your product or business. Once this urge to take action becomes automatic, you know your marketing processes are well in hand.

To get a new business up and running inexpensively, you need to tell as many people as you can about it. This usually means getting some exposure in a newspaper or magazine. Most people are publicity shy, and don't know how the public relations game works. Unfortunately, this is probably the cheapest and best way, so just do it!

#122

Speed Kills

#118 Fast growing businesses need to establish disciplines around their finances, staffing and administration in the early stages. Otherwise the deals are being made faster than the capacity to tie up all the loose ends. This inevitably leads to important things being overlooked or missed, causing unnecessary stresses on the business.

A key financial issue for a fast growing business is working capital. Having great sales and winning new business is exciting and energising. However, the normal lag for the customer to pay means you have to finance wages, overheads, and possibly stock in the meantime. You can potentially be highly profitable, yet short of cash.

#119

Kiss

- #193** | Your service needs to be articulated into a very simple message that is easily explained and understood. Only when people fully appreciate what it is you do will they be able to make a connection between a possible need they have, with your service providing the solution.

The Engine

- What is the engine you are building? Your business should be built to run like a finely tuned engine. What parts are needed to complete it? What will it look like when it is finished? It won't operate efficiently until it is properly and fully completed. **#250**

- #252** | When you have devised what your business engine will look like, will you have the commitment to build it completely? To do what it takes, face the risks and capital investment, to complete each step through to fruition? If you cannot commit to that, better not to commence with your engine.

- When your business model is working, you have successfully built your engine. The process is often intuitive and has much trial and error. To replicate the engine, you often need to open it up and look inside at the components you have compiled. Take note of what they are. **#257**

- #258** | Looking retrospectively at your business engine, its components are not always apparent from the outside – you know it just works. Once you have opened it up and taken note of the components and worked out just how it was built, you can replicate it.

Big Dreams

- #29** | Make your business plan ambitious. Think big. Even if you can't work out all the steps to take to achieve it. Just work out the next step, and take it. The human brain is like a guided missile. It will keep pursuing a target until it finds its mark.

Read The Signs

- In a recessed economic environment, people become pessimists. They can't imagine things improving. Therefore, they don't invest or try to grow their business, fearing the worst. This is usually a sign that things have bottomed. Reading those signs tells you that it is time to become expansive again. **#272**

Be Choosy

- #148** | To build a business from the ground up, it is vital that all of the building blocks are the right fit. You will waste time and money persevering with people or resources that are not quite right. The optimal path to fulfilling your vision is to be selective with the materials and the contractors as you add each layer of the foundations.

- If you need to keep justifying the value of your product or service to a customer, it's usually because they do not appreciate you, and they will not be loyal. You are better off deciding to not supply them, and avoid wasted effort and energy, fighting to be paid. Concentrate only on profitable business. **#245**

- #354** | If you lived in an ideal world, you could pick and choose the clients with whom you prefer to work. You could decide what sort of relationship you would have and the basis upon which you would do business with them. Build a description; one day you may be in this position: so know what you want.

Measuring Success

How do you assess whether you are being successful and reaching your business goals? One way to keep track is to delineate some success indicators e.g. you enjoy it; there is a balance with family; financial rewards; personal relationships; a repeatable business model that doesn't rely on you etc.

#290

Commit To The Plan

#285 It is common to write vision, mission statements and goals. But in writing them, how committed are you to achieving them? If you are only half-hearted, you won't succeed. Unfailing commitment goes hand in hand with the goals. It is more important to find the motivation and inspiration, than having the vision.

In order to be successful, your goals must be pursued relentlessly. You must be thinking about them all the time.

The goals must be so inspirational and desirous to you that you will not give up until they're reached. So if you're not being successful, maybe your goals aren't making you desperate enough.

#289

Be Growth Ready

#303 Sometimes business opportunities can come very quickly and surprise you. Be prepared for the unexpected. Are you ready now for rapid growth? What strains will it put on your resources, your relationships? Is now really the right time, and are you ready to sell some equity if that's what it takes?

Mixed Nuts

#306 | Imagine your business as a bowl full of nuts. The hardest nut to crack right now is your biggest opportunity e.g. how to find new customers. If you can crack that nut, it will open doors. Work out what the hardest nut represents at any given time, then devote all your energy to cracking it.

Value Adding

We all hear about adding value. It's a rather vague concept. A good example of how to add value is to analyse facts and information about a business. Then, use the analysis to provide insights that will make the business more efficient and profitable. This makes the value added specific and real.

#327

The Right Partners

#399 | The right business partners for any person are pure gold. Like gold, they are hard to find. The consequences of a wrong choice can be like a bad marriage, such as suffering and divorce. Therefore, you should have a very thorough selection and judging process to enhance your compatibility for a long term relationship.

Most business arrangements eventually come to an end. Therefore, any agreements between partners or shareholders in a business should be drawn up to deal with that likelihood. This is where you definitely should have a "pre-nup", so that everyone knows what will happen if they go their separate ways.

#403

#448 | You don't need to completely own and control all of your major assets: property, business interests, investments. Partnerships are very powerful. With great partners, you can diversify and broaden your asset base, lessen your risk, and use strength in numbers for better and more secure returns.

Raising capital begs the question, what sort of partners should you invite? Receiving money is one thing but your investing partners should be symbiotic with your business. Form strategic alliances where your investors can work together with you to grow each other's businesses.

#458

SALES AND MARKETING

The Right Channels

#457 There are a number of ways to build business, such as develop and market a brand, use a sales force, networking and strategic alliances; or combinations of these. Not all suit you, your product, industry or the culture of your business. Select the methods that are the best fit and focus just on these.

In growing sales, identify the customer relationships that work best, and the distribution channels required. Develop products to feed those channels. Set targets and make individuals responsible for achieving the sales of new products, specifically by customers.

#261

The 3 Keys

#270 For a business to succeed, it must have sales. The sales must be at a healthy enough margin to cover all costs and provide profit. Customers who buy must have a demonstrated capacity to pay for the goods or services, and cash must be collected. Failure on any one of these three counts is fatal.

Cash Is The Life Blood

#305 Money flows through the economy like blood circulates around our bodies. Your goal should be to put yourself in the flow. So don't waste time by being where there is little or no blood flow. You want to be in the veins and the arteries, near the heart. That is where your ideal customers are.

Synchronised Sales

In order to persuade potential customers of the merit and worthiness of whatever it is you have to sell, there are three things that you need to bring into alignment: the product, the message, and the audience. If any one of these is not synchronized with the others, the entire sales initiative will fail.

#310

Know Your Customers

#76 You have to know who is going to buy what you sell. What do they look like, where do they come from, why do they want/need what you have, and keep coming back? If you can clearly answer those questions, then you will have some idea how much you can sell. Otherwise, don't even open up for business.

Before commencing any marketing, you must narrowly define your target market, otherwise you will waste time, energy and money selling to unlikely prospects. By having a very specific, precise definition of your product or service, the target market will be self-evident.

#286

#296 Not knowing who are your most likely customers is like trying to sell umbrellas to passers-by on a fine day. If you approach them when it is raining, you will save a lot of time, energy and money. Identifying the precise reasons customers buy from you will tell you all you need to know about them.

Marketers know that buyers have a range of potential “hot buttons” that the seller must press, in order to engage the buyer’s interest. Spend the time to identify and understand all of the hot buttons for what you sell. You want the buyer to conclude that there is no reason they shouldn’t buy from you.

#298

The Internet

#161

In the absence of money to spend on marketing, your website can be your best tool. Marketers advise that you should drive all traffic to the website, then use it comprehensively to promote your business. All of your printed matter should have your web address. Also, any media exposure or business awards should mention it.

The internet is a vital tool that should be harnessed in some way by every business to market itself effectively and inexpensively. As with all marketing, there is no one size fits all, so it is imperative that you research which techniques and methods are most suitable, and the cost of each.

#406

Taking Interest

#163

If you’re not the self-promoting type, you won’t like spruiking yourself or your business. You don’t have to volunteer your story to everyone you meet. You only need to genuinely involve yourself in lots of interest groups and when you are asked about your work, as you almost invariably will be, just tell it as it is for the best exposure.

There are marketing consultants who have a genuine interest in their clients and take on firms whose products or services they believe in and value. You need to find one. They can work with you and add some innovative marketing ideas to your business plan to help you achieve the goals you set.

#166

Networking

#186 | Everyone says “network”. How? What does that mean? Why not start by making a list of everyone you know in business, other than your clients, to whom you could add value or could impact on your business? 25-30 will do. Find a reason to help them in some way, and go and visit each of them twice a year.

When you're at a business function and you do the usual swap of cards, what do you do with those you receive? As a minimum, send them an email the next day to thank them for their card, enter them on your email file and include them on your newsletter list.

#187

#390 | There are different types of networking. Unless you are great at working a room, going to endless cocktail functions may not be fruitful. Instead, identify a handful of people with whom you have regular contact who may have synergies with your business. Network with them and discuss ideas.

Referrals

Developing referrals for your business is like joining the links of a chain. You need a simple, concise, easily explained product or service, you need to let as many people as you can know about it, and you must build relationships with those particular people who can exert influence and be advocates of your business. This builds and strengthens the chain.

#201

#215 | Even if you're not a sales person, you can be an effective promoter of your business. If you are passionate and very knowledgeable about what you sell, all you need to do is talk about it as much as you can to as many people as you can.

The least costly marketing is very often the best. Nothing beats word of mouth advertising. It is highly credible and usually free. Develop networks of advocates for your business who refer customers to you. And find just one low cost sales/marketing activity, targeted at your most likely buyers.

#415

Market Research

#248

Customer surveys to identify the future viability of your core product or service are vital to identify the potential growth or otherwise of your market. In the event that professional research shows that your market is to your surprise, diminishing, it is better to know sooner rather than later.

Be Appreciated

There are two types of customers. There are the ones who love your work, appreciate its value, and always pay without qualms. The others always have complaints. You can never do enough for them, and getting them to pay you is like pulling teeth. You should encourage the second group to use your competitors.

#249

Manufacturer's Dilemma

#266

As a manufacturer, who is your customer, the retailer or the end consumer? Both? In most cases, retail outlets are merely a showroom for yours and related products. While they buy and sell your products, ultimately your customer is the consumer. You need to influence the consumer as much as the retailer.

The Sales Process

Have you articulated your sales model? Do you know what conscious and unconscious actions your business makes each day, that lead to new sales being generated? If not, you need to review and record all of those processes and strategies, so that any new salesperson can learn them.

#281

Seasonal Sales

#287 Businesses with cyclic, seasonal or weekend oriented sales have an opportunity to increase their sales in the traditional “down” periods, without increasing their overheads. But they need to be new sales, that don’t cannibalize existing ones. For this, you need new products or new customers.

Incremental Sales

Marketing 101 says that a business can only increase sales units with (1) new customers, or (2) existing customers buying (i) more each time or (ii) more frequently. But there is a compound effect if you can achieve all three at once: A 10% improvement in each area will increase sales by 33%.

#288

Matching Buyers With Sellers

#297 A sale transaction involves a willing buyer and a willing seller. The seller makes a specific offer. In turn, the buyer is satisfied that what is offered precisely meets their requirements at that time. Know intimately what you sell. Know what your buyers want. Then match the two together.

Social Networking

The phenomenon of social networking has swept the internet. Everyone has the potential to quickly build a database network of like-minded business owners. Do not be fooled: it is not only being used by Gen Xers and Gen Yers. Baby Boomers are into it – ignore it at your peril.

#313

Know Your Product

#316 Marketing your business does not have to be complex. But you do need to know what it is about your product or service that makes customers buy it – often the benefit is the “the sizzle, not the steak”. Businesses often market the wrong one. If you know which is which, you can promote the right one.

A cube analysis for example dissects periodic sales by product and by customer. Within each large cube, you can then extract smaller cubes. So for products, you could extract periodic revenues and costs to analyse product margin. All of this information can be sourced and accessed from your data.

#331

#339 A business proposition only works if something sells consistently. Most worthy consultants can assist with performance improvement but the need must exist or be created. If need for what you offer is your problem then you must question the viability of the business. No consultant can create sales from air.

Labour Limitations

Businesses that primarily sell labour are limited by the amount of hours that can be worked. If there is a way to translate the proposition into providing ideas, skills and creating value, the price is no longer limited to the time taken. In fact the price is significantly greater because of the value being created.

#355

Attracting The Right Customers

- #359** | Be careful what types of customers you attract. Are they the ones you want? You will attract those customers who not only like dealing with you, but find your terms favourable to them. If your trading terms are skewed towards the customer, you will suffer; and you'll keep attracting customers of this type.

What To Sell

- Good retailers buy what they can sell, not the other way around. In the same way, other businesses should only offer products or services that they know they can deliver and sell, for a low enough cost that they can make a viable margin. It's too tough to set a low price and then worry about your cost.
- #363**

- #364** | Don't try and sell what you want to sell; it's a lot easier to sell customers what they want to buy. Instead of talking and spruiking, listen carefully to what the customer tells you. Find out exactly what they want, even when they're not clear themselves. People will pay a premium if they get exactly what they're after.

Multiple Service Levels

- Have clear and distinct levels of service that your clients and customers can graduate through i.e. a basic service as the entry level, moving up to higher levels that are priced and delivered differently. This makes it easier to explain, price and understand your various product offerings.
- #391**

Publish Your Intellectual Property

#392 | If you have developed written materials as part of your intellectual property, perhaps you should look at self-publishing these into a book form. Handing them out as gifts to customers, or offering them for sale off your website, gives you lustre and kudos. Or offer them as an eBook download.

Write down as many ideas about your business and/or about your experience as you can. If you have enough content, self-publish a book; even a small one. Put it on your front counter and for sale on your website and give copies to everyone you meet. It will build credibility for you and your business.

#378

Online Research

#408 | It is becoming a trend that consumers like to research a product in one area, then buy it elsewhere. Ideally you want a prospect to do their research and buy from you all at the same time. So be ready. Have an offer that is to their advantage if they buy now. Once they leave, they are unlikely to return.

Using What Is Proven

Sales and marketing can be expensive, especially canvassing for new customers. So replicate what works for existing customers. Make sure everyone is aware of everything you offer, and broaden your offering so that you have more to sell. Give your customers reasons to refer you to others.

#414

Price Competition

#416 | Decide if your business is positioned to compete purely on price. If not, be ready to deal with anyone whose primary focus is price. They are most likely not interested in your quality or the value that you can add. In the long run, it may be better for you if they negotiate prices with your competitors.

There are very few restaurants that don't put their prices on the menu. Most people like to know what a product or service is going to cost them before they commit to buying. If you are in an industry where you find it difficult to give a price in advance, you may like to think how this can be done.

#444

Do The One Percenters

#421 | Try the "one percenter marketing approach": First, individually list: all the current viable services and products you offer; effective referrers; and proven marketing initiatives. You might come up with between say 10 and 20. Target an increase in your revenue each year by 1% from every one of these sources.

Expand Your Offer

Is there a niche in your market that for whatever reason you have never gotten into? Is there some way that through just a little tweaking of your current operation and with minimal cost, you could test the waters and see if you can generate new sales in this niche?

#422

A Grade Customers

#425 | Do you know what defines an "A" grade customer for your business? What is the value of each one? How many customers do you have that meet these criteria? How many more can you handle? Do you have a method for finding new "A" grade customers, or turning "B" customers into "A"s?

Critical Mass Of Products

Marketing theory suggests that building a brand is paramount to creating loyal customers and advocates who will be lifetime buyers of your products. But you first need enough critical mass to be able to profitably carry a wide range of products that will meet all of your diverse customers' needs. **#473**

#474 Absent critical mass, the alternative to a full product range brand strategy is to have a narrow, focussed product range of category leaders where a customer may only ever buy once. The difference is that you have more potential customers as they are driven by outcome, not brand loyalty.

Brand Leverage

It is good to leverage your brand. One way you can do this is to commercially "lend" your name to others to use. However, this added exposure of your brand can be both good and bad. You need to be confident that your standards will be maintained at all times by anyone borrowing your brand. **#480**

Brand Custodian

#499 Every communication your business has with someone outside the organisation can potentially add to or detract from the revenue of the business. Perhaps you ought to consider having rigorous systems to monitor and refine website, branding, all emails, letters, answers to phone calls etc?

Saying Thank You

How do you say thank you to your clients for their custom and support, in a meaningful way? Bottles of wine, hampers at Christmas time and big parties have tended to lose their personal touch in recent times. Finding ways to connect that are memorable and appreciated is the key. **#393**

BUSINESS GROWTH

Patience

#172 | A steady approach to building a business requires patience and commitment. You must know what the end result will be long before you can see it in front of you. Therefore build each block so that you form a strong base for the layers that will rise above it, and only when each layer is sound, do you progress to the next level.

A Living Organism

A thriving business is an organism. It is not inert. Once created, it is alive and needs to keep growing to stay alive. It cannot sustain itself by remaining stagnant or idle. It must continue to grow if it is to survive and ultimately prosper. Do not be afraid of growth. Nurture it and harness it.

#219

#371 | A business is a living, breathing entity. It needs to be cared for and nurtured like a child. You need to be constantly checking its progress and development, making sure it keeps on track; monitoring the vital signs without micro-managing. One day, the business will grow up and won't need you anymore.

Businesses are dynamic: they are either growing or contracting. It's almost impossible to have inertia on purpose. If you cut back sales efforts and tell people you don't want any more business, that is what will happen; but your momentum will have changed. So always be trying to grow; just manage it.

#412

Consolidation

#224 Every phase of growth should be followed by a phase of consolidation. Unbridled growth can be dangerous. You need to take time to review and implement things learned from each growth phase, then revise your business model to incorporate these learnings before the next growth phase begins.

Brainstorming Improvements

To breed a culture that focuses on to how to generate work through new products, new markets, marketing etc, include time for discussion of this at every management meeting – at least once a month. At worst, if work inflow never ceases, you can be very selective about what work you take on.

#238

Maintaining The Personal Touch

#329 There is a theory that as a business grows, it loses its personal touch with its customers. Is that true? If so, what can you do about it? Do the customers even care, as long as your service level is maintained? Challenge this thinking: is there a way you can grow and keep close to customers?

Strong Foundations

In military theory, it is difficult for a force to advance continuously unless it is coming from a position of strength. A weak position behind is vulnerable to enemy attack. In business, it is also difficult to progress without a solid base. Attempting growth from a weak foundation will create even more stress.

#315

Join Forces

#419 | Do you have new ideas and plans that you've been trying to get off the ground but something always gets in the way? Find someone who is a proven expert in this area and see if there's a mutual benefit to your joining forces. Give them the opportunity to make your ideas work for both of you.

If you have a particular product or service that you've been wanting to launch, but haven't had the finances or resources to do it, try advertising for people who have the skills you need and are prepared to work with you on a contractual performance basis in a joint venture. Just let them run with it.

#438

Scalability

#462 | Scalability is critical to business growth. Your systems and access to resources must be structured efficiently and effectively so that you can scale up quickly: Take on new business without visiting severe disruption and major added cost to your existing operations, while ensuring you can maintain service.

The Harvard MBA approach to structuring a successful business is to put in place enough critical mass for it to benefit from economies of scale, while still being scalable for future growth. It should have sustainable future revenues and a cost structure that delivers strong, consistent cash flow.

#470

Planning Like A Farmer

#471 | Farmers sow crops to reap at harvest time and fatten animals for later sale. The die is likely already cast on this year's income for your business. However, at all times you should be allocating a percentage of your time, energy and budget to creating new income stream(s) for the next year

CHAPTER 2

Team BUILDING



PEOPLE

Horses For Courses

#1 Remember what happened to Australia's women's Olympic rowing team in Athens 2004? They stopped rowing! Your business should be like a rowboat. Fill every place with an excellent rower to do the job required for that section of the boat.

Over time, staff come and go, people are promoted or replaced. Your organisation chart will start to look very different to the original one you carefully thought out and planned. Make sure you revisit it periodically so that everyone is always in the right position.

#3

#436 Successful coaches of sporting teams know how they want their teams to play, right from the outset. They retain and recruit players who have the correct skill sets and attitude, and who fit the playing style. Training and motivating them each week then becomes easy. Know how you want to play.

It is not possible to hire someone who has a true sense of ownership of your business if they have no equity stake. In keeping one hundred percent control, you must therefore systemise the business to the extent that virtually anyone can be employed and trained to work in it, like McDonalds has done.

#208

#489 A sports coach's dilemma: do I try to get the best out of this group, or do I coach to a method and look for the players who can play to it? Businesses must also decide: whether to try to get the best from their current employees, or aspire to a new standard, and only employ the personnel who can reach it.

Making The Most Of Staff

Staff are your greatest business asset. If you don't believe that, ask yourself: how your business can perform at its best if you don't have all the right people in the right jobs? Now that you're convinced, hire the best possible and look after them. **#7**

#9 | People are the hardest business resources to manage. So only employ and keep people who are easy to manage.

Rising stars have a stage in their working life – 3 or 4 years - when their planets are aligned: they are healthy, have gained some good experience and education, are not weighed down by personal commitments, and opportunities beckon. It is their time. Involve them in your business during this period and you will both benefit. **#55**

#381 | Steve Jobs from Apple is quoted as saying that, "It's too easy as a team grows, to put up with a few 'B' players, and then they attract a few more 'B' players, and soon you will even have some 'C' players. 'A' players like to work with other 'A' players, which means you can't indulge 'B' players."

Having backup for key people is vital. Especially have a 2IC for the most important person – you. A warning, though, ensure that your 2IC has the same agenda as you, which is to prosper the business; not further their aims at its expense. **#54**

Fit For Purpose

#11 | Too many businesses make the mistake of filling a hole left by a departing employee, with the person standing next to the hole. Don't put square pegs in round holes.

Many managers do not hire competent staff because they feel threatened or their methods challenged. **#26**
Never employ such managers. Let them work for the government or in big companies. Me, I always try to get the best people because it makes my job easier, and they make me look good.

#70 | Aside from technical skills, often the main difference between one employee and another is their ability to handle pressure. Every senior job has deadlines and responsibilities. Even the best technical person may be incapable of doing a job well because of an inability to cope with increasing levels of pressure.

People are usually not one-dimensional. One way to develop managers is to hire raw recruits with a specific talent or creative skill, and then identify what is their secondary interest. Possibly they are also good at sales or administration, and can move to a role in this area with product knowledge. **#206**

Handling Power

#27 | Learn to be a delegator. Hire good people and give them responsibility; then manage them. It will take less time to train someone in a task than if you always do it. It's far easier to grow as a company and far less stressful for you.

Power in an organisation is the embodiment of a sense of worth and esteem that an employee attaches to their self by virtue of their position. The higher the position, the greater the feelings of kudos and adulation. Anyone enjoying these feelings will find it hard to relinquish their power and position. **#189**

#190 | Prestige and authority in an organisation comes with incumbency. It provides power and influence. Individuals often confuse and overestimate their own abilities with those that are attached to their position, only to find that when they lose their job, they have lost more than they anticipated.

When executives of large corporates get appointed, their job comes with kudos, power and prestige. Often when they move to a lesser role, the ego can take a hit, because the prestige never transfers to the individual – it always stays with the position. It's also why people like job titles. **#343**

#344 Corporate executives can sometimes find difficulty in earning credit for their successes in a competitive environment against seasoned self-promoters. So they end up squabbling over the spoils of success, which serve as a default for the recognition and acknowledgement they seek.

When delegating, throw people in at the deep end. Give help as and when required, but let them take charge. It helps too if you spend the time to explain why, how and when about the task when it is assigned, so they take ownership. **#38**

The Right Attitude

#33 Would you like to work with someone who is always opposing, criticising, negative, causing friction, or has their own agenda? Some business owners do – they employ some of them. Don't persevere with them – they are wasting your time.

Only invest in positive people. People who always complain, find fault with everything in the business, and claim every request is difficult, are just plain hard work. And bad for morale. Get rid of them. No talent is worth the aggravation. **#79**

#80 The converse is also true. Enthusiastic, positive, busy, bubbly people foster a mood that is infectious and creative. They focus on what's good, not on what's wrong. As someone famous once said, "Adversity is inevitable. Misery is optional!"

There are two types of employees. One we call the empty vessel, which makes the most noise but usually fails to deliver. The other we call the quiet achiever, who makes no noise and always delivers. **#90**

#89 We've all heard that it's better to work smarter, not harder. But it's amazing just how much success can often be attributed to those people who have made a habit of consistently turning up on time and quietly doing what's expected of them.

What type of staff do you have? Those who are reactive: they spend all their time putting out fires, spinning wheels, dealing with emails and calls; their day is unstructured? Or the proactive type: their day is planned, they have clear short, medium and long term objectives. Who is more productive? **#268**

#34 It is important to have employees who challenge and question everything. Conversely, too much negativity is counter-productive. You just don't want them constantly talking the business down. Good employees strike a positive balance.

Question situations where staff accumulate lots of holidays. They may appear to be conscientious, but you don't want things arranged so as to collapse when they're away. Are they hiding something, and so need to be always in the office? Everyone needs holidays to re-charge the batteries. It's unhealthy and costly to not take them. **#136**

#243 Non-productive people are either lazy or not motivated. Lazy people never want to work hard. Unmotivated people are not afraid of hard work, they just don't want to exhaust their time on things that they do not value. The rest are always happy to work. Which of your people are in each category?

Some Hiring Processes

If you decide that there is a role that needs fulfilling, write down your thoughts. This is the basis for the job description. Every job should have one. But it shouldn't say what people do in the job. It should state the results and outcomes that you expect. They were the reasons for creating the role in the first place.

#49

#455 With all of the industrial rules and regulations with which businesses are saddled, employers should consider employment contracts almost akin to a marriage contract. Easy to get into, expensive to get out of and a ride with its share of bumps along the way. Don't employ anyone on a whim or a prayer.

Promoting from within is an excellent first up policy. But beware of the "peter principle", where you promote someone ahead of their ability. Sometimes it's just better to bring in someone new with fresh ideas and experience.

#57

#100 When hiring staff, I place more importance on personality, ability to work with others, and a correct fit for the business's culture, than I do on technical skills. Most competencies can be developed or acquired, but personalities are very hard to change.

In employing staff, make sure you know exactly what it is you are looking for. Candidates have varying talents. For example, which skill or attribute is most important to you? Do they fit the culture of your business? Even a simple thing like ensuring the candidate really wants this job.

#300

Sales & Marketing People

#104 In my experience, sales and marketing people have confounded me the most. That is because they inspire you with their optimism and enthusiasm, lifting your expectations. They are like prolific soccer goal scorers and football quarterbacks. Likewise, the truly successful ones are rare and hard to find.

Another thing about sales people: If they are prepared to back their ability in their remuneration package, you can draw some comfort. By that, I mean that their pay is tied more to sales results than turning up every day and drinking coffee with customers. Unless, that is, you're happy to employ great coffee drinkers

#105

#58 Everyone gets stale after a few years, especially sales people. You might have the best sales manager in the world, but if he thinks he's explored every opportunity and can't see any new ones, you can bet a good new sales manager will see plenty.

How experienced is your sales force? Do they have the latest training, work tools and technology? How well are they supervised and managed? Are their actions well targeted, activity records kept and performance measured? Presumably, everyone has room for improvement. If so, what could this add to your sales?

#155

MANAGING PEOPLE

More Art Than Science

#35 | An employee who is not performing is holding you back, you are like a bird in a cage seeking to break out. Replacing that employee with somebody productive will remove the barriers and allow you to fly to unimagined heights.

A new employee who has worked before, should impress you from the very start. If they don't, replace them immediately. You will waste time and money training them and wishing and hoping they will improve. The odds are against you.

#36

#40 | Give employees fair notice to complete a task. Don't tell them everything is urgent, if it's not, because they will resent the pressure you are creating, and after a while they won't believe you. If they're having trouble, you can review the deadline.

Up to a point, you are paying for hours on the job, but there are fewer and fewer assembly lines today. What you want is results. As long as you are getting value for money, you can afford to be flexible about what hours people put in.

#43

#74 | A problem with larger businesses is when they can afford to carry non-performers. These businesses have lots of rules, and do not always make everyone accountable, so some people can hide in the crowd. This is often why they are so inefficient. They're also the ones with the big HR departments.

Employing people is a lottery. It is 50/50 at best. I can't see how in just a couple of interviews you can recruit successfully, consistently and with confidence. Be prepared to accept that it may not work. Monitor performance and act quickly and decisively if your expectations are not being met.

#210

#498 Pareto's 80/20 rule can be marvellously applied to any number of propositions. We know that nobody is perfect so why do we search for perfect employees? Accept they do not exist and instead find staff who are 80% perfect. Work around the other 20% just as you do with other humans.

Motivating Staff

#209 If you are prepared to sacrifice some equity in order to attract staff who have a true sense of ownership in your business, you need to come up with a system or model that works to provide sufficient incentive and reward for everyone without causing unintended behaviours or consequences.

People have their own reasons for doing things, including working for you. If you pay them reasonably and treat them fairly, they will happily do their job until it no longer suits them. Don't fall for all this motivation and teamwork stuff. Just make sure you aren't the one de-motivating them.

#41

#42 Staff work the hours that suit their lifestyle choices, including working late to impress the boss. And activity expands and contracts to fill the time available. Insist that work gets done within set hours each day. The key for staff is to be organised and to manage their time well, that way you know who is being really productive.

If you hire the right people, you shouldn't have to tell them what to do, you only need to tell them the results you expect. They can work out the "how to" details themselves, without you looking over their shoulders all of the time.

#50

#75 Team building exercises and staff retreats are a nice bit of fun, but only really necessary if the team members are not right in the first place. Start with hiring the right people. The team will then be so good that you won't need 360 degree analysis.

If people are the key to your business, maybe you can introduce incentives to get the best out of them.

#175

Determine which are your major business drivers, and how your people influence them. Involve the staff in the planning and development phases to give them ownership and accountability for their areas of responsibility. Then fashion incentives that benefit both them and the business if they are successful.

#273

SMEs are usually small enough to engage with all staff. So, you could try an employee of the month and/or most improved award. Announce the awards at the monthly staff meeting, with the upcoming social events. Then everyone goes to lunch together at a café and the company shouts the winner(s).

Think up your own initiatives to reward and engage positively with all the staff. What about calling for nominations for best good deed of the month, at or our outside work? Go to lunch for the birthdays of the month, and shout the celebrants. Or when new employees start, or others leave. Be creative.

#274

#279

People love playing games. Games involve rules, objectives, social interaction, mishaps, competition, and a winner. They are fun – not life and death. The more you can structure the workplace so that it incorporates rules, objectives, interaction, laughter and competition, the more fun it will become.

Two schools of thought regarding employers and employees: (1) employers should work on making employees want to do their best for them, in the same way the best sports coaches do with their players; and (2) employers should just remove all impediments and let their employees shine.

#478

#490

The prospect of change affects people in different ways. Many people fear change: it threatens their comfort zone. Others are excited and energised by change: of things being different, better. They are bored with the status quo and actively pursue improvements. Which type are you?

Remuneration

Staff incentive plans are tricky. You don't want to create unintended behaviours where employees are taking actions that reward them under their bonus plan, if it hurts the business. The plans that seem to work best are those where bonuses are paid after the business has met its targets and the owner is getting a good return.

#23

#235 Is a valued employee with years of service, entitled to only the market salary, or a premium? The corporate knowledge they have should be worth a premium compared to a new recruit, not to mention hiring and training costs. Paying a premium also protects you somewhat against having them poached.

Incentives for staff, particularly strong monetary rewards, can be a key ingredient to encourage exceptional performance. Make sure you start with the right calibre of personnel first. Being too cheap with wages will only short change you in the long run, as you won't attract the competence and skills needed for the job.

#135

#137 When you run staff reviews, do your staff know in advance what their objectives are? Do they know exactly what the result will be for different levels of performance? How often do you review? Try separating the performance review from a general discussion about the job and the company; maybe have two reviews, six months apart.

It's especially true in business that if you pay peanuts you get monkeys. The saving you make is a false economy. You're in business for the long term, so you want to get value out of every cent and a future payback. Think of the extra amount you're paying as an investment in the future. The cheap option has no investment component.

#144

Training

#77 | Tom O'Toole, famous for the Beechworth Bakery, believes in training people. What if you train them and they leave, you ask? Tom says, "what if you don't train them and they stay!"

Training of staff is expensive and time consuming. However, it is necessary for people to develop and progress. Is there any training you can arrange in-house, informally and in a fun way, that is tailored particularly to enhancing the skills and expertise relevant to your business?

#388

#240 | Have you ever wondered why in this modern age of technology, people still attend seminars? I believe it's because a full live experience is the only one that taps into all one's senses. It's personal. It therefore stays with you more effectively than a DVD, a book or a webcast. So does the learning.

What do you do with an employee who has the goodwill of the business at heart, loves their job, is always happy and helpful, but is also disorganized, unfocused, doing work which doesn't need to be done and just doesn't quite have it all together? Train them. They already have all the basic ingredients.

#271

Sound Business Policies

#389 | Is the haphazard way in which staff take their annual leave entitlements a sore point for your business? In NSW, employers have the prerogative to approve all leave requests – they have control if they choose to exercise it. Maybe you need to revise your policies and skew them in favour of the business.

It is all well and good to run your business “in the cloud” and to be able to do business out of the office. But staff need to know they are accountable and that someone is interested in what they are doing. A business owner who is rarely seen at the worksite is like an absentee landlord.

#477

CHAPTER 3



Business

VALUES

CORE VALUES

Bullet Proof

Businesses need to be bulletproof, not only in recessed times. This means they can take shocks in their stride and stay profitable. Once they have this inner strength, even any incremental improvements in sales, margins or cost savings, will exponentially boost profits.

#282

#291

To make a business bullet proof, three objectives need to be achieved:

- 1.) Have a proven sales model to generate new business
- 2.) Deliver on your promises
- 3.) Have systems that enable all of the processes to be successfully repeated, even in the absence of key personnel.

Price Of Discounts

Often, when businesses are pitching for “extra” sales, they give a big discount. Customers zoom in on bargains.

If you lower some prices to get sales, your customers may not see your other products as good value. This will eventually lead to a cut in your margins and profitability.

#12

Ahead Of The Pack

#60

There is much to be said about “the early bird catches the worm”. After a good night’s sleep, the mind is freshest, and your thinking is clearest. You can plan your day, mull over difficult problems. This is when the brain comes up with your best ideas. You will be fully prepared while everyone else is still asleep.

Debt Alert

Most survivors in business have an innate sense of what level of debt they feel comfortable with. Their little person inside tells them when they're over-committed. It's time to sell something or find a way to relieve debt. Listen for your little person, and when you hear them, don't ignore them or leave it too long before you act.

#64

Miscommunication

#65

Have you ever had a business conversation or meeting where you and the other person seemed to be in total understanding and agreement, only to find later that you misunderstood each other? It happens often. Make sure you are each hearing what the other is saying – then put it in writing to confirm it. Hearing is not listening.

Learning

Learning is exciting. It comes from experimenting with new things and adopting the ones that make everything better. You don't learn anything if you don't try anything different, which is why if you always do the same things the results will be the same. If business is not going as you would like, you need to learn new ways.

#73

Set The Mood

Businesses experience ups and downs. The trouble is, when they are going through a “down”, everyone senses the mood. Activity and enthusiasm suffer. Anyone can remain positive when things are good. To keep everyone positive when they’re not, focus on your people’s levels of activity and enthusiasm.

#282

First Impressions

#85 In meeting with a prospect, the least you want to do is make a lasting impression. Do your research beforehand and learn everything you can. Then you can ask lots of questions. Listen to their answers, they’ll give you the clues as to whether you can be of service, now or later. If you are memorable, you may eventually win the business.

Set Your Own Standards

Set your own performance standards and business principles. Do not compromise on them, even if it sometimes means missing out on sales. Others will get to know you for your integrity, and your business will form its own unique character. If your business model stacks up, so your own benchmarks will stand the test of time.

#92

Take The Long Run

#93 Are you in business for the short term or the long term? If it’s for the long term, why would you take short term decisions? Always try and take decisions that are right for the business in the long run, even if there is a short term cost. Often when you are unsure which way to go, this should be your overriding concern.

Creative V Artistic

Do you see yourself as creative? Being creative is not the same as being artistic. Few are artistic, but most people can be creative, if given a chance. Creativity is about finding solutions to a set of complex problems. Business problems can always be solved by you and your staff applying creative thought.

#96

Public Speaking

#109

Public speaking is most people's worst dread, including mine. Nerves are common to most speakers and an essential part of giving your best. The following are some tips to use nervous energy beneficially: (1) Even if you are really good at winging it, and good on your feet, being really well prepared is best for confidence.

Public speaking (2): Make friendly, welcoming audience contact as they enter the room. Greet and speak to some of the audience. This means being there early. Make a light, even humorous remark at the start to relax the tension. You can come up with something by always seeing the funny side of things, but keep it appropriate.

#110

#111

Public speaking (3): See this as a positive opportunity to practice performing to an audience; to present your credentials to influential people; and to practice your public speaking objectives: to speak well i.e. fluently, eloquently, with no 'ums and 'arrrs, and no stuttering.

Public speaking (4): Focus on the process, not the outcome. This is what elite athletes are taught. Concentrate on the things you are going to do, step by step, not who is in the room. Anxiety makes your heartbeat race. Slow everything down.

#110

#113

Public speaking (5): If you do steps 1 to 4, you will be good. So get excited about the prospect; look forward to it. Your presentation should give value to the audience; if it does, you will be impressive.

Be Frank, Not Brutal

We all face situations of having to deliver a difficult message. It's often said that it's not what you say, it's how you say it. You can say anything if you try hard enough: the key, I think, is to be frank, but not brutal. Then if you listen carefully to your message target and ask good questions, the right words will come to you.

#108

If Put On The Spot...

#114

All of us are put on the spot sometimes: the easiest thing to do is get defensive. There are some better techniques: accept the criticism/accusation without rancour, even make light of it and turn it to your advantage (e.g. I know I'm the world's worst communicator!); use humour; and lastly, sometimes the best form of defence is attack.

Never get emotional in a tense confrontation, except as a deliberate ploy. Emotions get in the way of allowing you to hear what the other side is saying, and to pick up on nuances. They also impede your clear thinking. Keep a cool head to get the best outcome.

#115

The Best Salesperson

#116

In the end, business development comes down to you as the owner. No matter how many people you have involved in sales and marketing, or how much you try to delegate this task, you need to be driving it. No-one else has the same passion as you. Use your passion to energise yourself into this role, even if you don't like selling.

Stealing The Credit

You will often be placed in a business situation of conflict where it will be very tempting to fall for the short term benefit of looking good at someone else's expense. I say short term benefit because people soon forget who did what and it's often unclear who really deserved the credit. But the injured party will never forget.

#120

Good Choices

#123 Business is an ongoing exercise in making hard decisions, usually between tough choices. Harry Truman famously said the President takes all of the decisions that are too difficult for his staff – “the buck stops here”. Making good choices requires judgment, founded on experience, patience, knowledge and wisdom.

Conflicts Of Interest

In business, particularly when one is very well networked, potential conflicts of interest may arise at any time. Not only do you need to be alert to these possibilities, you must decide what position you will take. The fallout from Enron should convince anyone that such personal gains are illusory and temporary.

#127

Be On The Same Page

#130 If you have partners in the business, make sure you all have your stories straight before speaking to others, so you don't slip up with a comment or commitment which embarrasses you or your partners. Talk issues through beforehand, and get lots of practice in meetings together so you can learn each other's signals.

Preparation Takes Will

Someone once asked, “Do you have the will to prepare to succeed?” It’s a lot of work, but making the extra effort pays off. You become far more knowledgeable in the process, which builds your confidence and leads to better results. Another benefit is that you are less anxious about the risks involved when it comes crunch time.

#131

Judge Of Character

#139 We all like to think that with time and experience, we become good judges of character. Unfortunately, sometimes someone slips through our antennae and disappoints us. Take note of little signs about people that simply don’t add up, and don’t ignore them. That’s the time to really trust your intuition.

Acting Environmentally

Terrorism is real but there may be greater threats to the world’s future. Western economies face the likelihood of diminishing water and oil supplies, global warming, damaged environments and air quality, and unsustainable transport systems. What can you do in your business to make you an environmentally conscious supplier?

#150

Mentors V Coaches

#153 There is a difference between mentors and coaches. Mentors usually know you well personally and can guide you along life’s challenges. Coaches are on a mission with you to achieve set objectives and results. Businesses need systems for both; equally for the owner and the employees, to engender talent to rise to the top.

Base Margin

Another reason not to compromise on your base margin is that, new products may start as marginal sales with no overheads to recover, but in time they accrue their own infrastructure and overhead that ultimately erodes all margin.

#164

Trust Referrals

#167 Only hire consultants based on their reputation or if they come with a referral. When selecting someone to help you achieve your vision you need to be able to trust them. I work with a few select professionals whose advice I value and whose principles I respect. I am happy to refer my clients to them because I trust them.

Value Respect

You need to respect and value what you do. If you don't, no-one else will. This means you should set your price to reflect that value. Sometimes it means you won't get the business you want; but you will get the business you deserve.

#165

#199 Having the confidence to insist you receive full value for your product or service does not come easily. Everyone needs some positive reinforcement that what they are selling is of value. But once you receive that feedback a couple of times, you will be far more resistant to accepting less than you should, and more confident that you can earn what you or your product are worth.

Partnerships

When forming partnerships, ideally you want someone who is like-minded and whose goals are aligned with yours. If you can't have both, being like-minded makes for good communication and trust. But in the end, isn't it more important to have the same goals?

#183

#267 Before entering into a new partnership, spend a lot of time on what will happen if it doesn't work out. Make an agreement to deal with disagreements, how the assets will be distributed and what constraints will apply to everyone. The more you agree on now, the less you will disagree about later.

A new opportunity, venture, merger or acquisition should be structured as though it will fail. If it succeeds, there are no problems. But you need to protect what you start with, so in the event of failure, you at least revert to the original position. Always remain positive, and you will never be disappointed.

#304

Giving Freely

#185 It has long been a challenge how one might apply Christian philosophies to business; to act morally even at one's own cost. One way is to do something for others in business, without expecting a return. You might experience rewards that you never imagined. God moves in mysterious ways.

There should be some charitable aspect of any business, even if it is only partly altruistic: support a student; give to community events; link to a charity or foundation for the less privileged; hire an apprentice. Even if you do not see any immediately tangible benefit for your business, others will notice.

#376

Protecting Your Customers

#204 Humans are acquisitive and intrinsically like possessions. This is why we jealously guard our clients and customers and our relationships with them. We become emotionally attached to those relationships and treat them as our personal property. When they are threatened, we become defensive and territorial. It is not such a bad thing to care about keeping your clients and resisting all threats to their safety, so long as it does not consume the entire business.

Big v Small

To grow a business, there must be a burning desire or passion to be bigger, have more money and be more successful. If you prefer to be comfortable and have a work/life balance even if it means the business is smaller, that is a fair choice but do not then concern yourself with growth.

#207

Culture

#231 Business culture is an intangible thing, but each business should try to capture its own. This is important in terms of what your staff, suppliers and customers can expect when dealing with you. If you're unsure where to start, look to celebrate your history, your traditions and symbols with activities.

Never rest on your laurels and assume that work will always keep coming in. If this culture exists and the work dries up, as it periodically can, you will have no way to handle it; you won't know what to do. You need to engender a culture that is always seeking and evaluating new opportunities.

#237

#246 Asian culture is very different to western. Asians at times will not say “no” when they should – instead they will be polite and obfuscate. They wish to appear helpful at all times, and never lose face or offend you by putting themselves in a position to be embarrassed or to fail you.

In dealing with China in business, it is important to deal face to face, and to not cause loss of face. This requires regular travel to China. Other than that, there are few set rules. Each person must find their own path to deal with business people in China.

#247

#265 Experience in family relationships dictates that speaking one's mind all the time can lead to stress and discomfort with loved ones. The opposite should apply in a business environment. By nurturing a professional culture, devoid of emotional pressures, everyone should feel confident to voice their opinion about the business.

Serious Business

Why is business such a serious business? Sure, people are there to work and be paid, rather than play or be unproductive. But how do we make work seem more like fun and less like work? I suspect the answer lies in ensuring that everyone in the business genuinely likes the job they're doing.

#256

#420 Business can be tough, particularly when it is not going your way. But no matter what, it should be fun and not just about money; otherwise you're in the wrong business. It's a long time to be doing something that's not fun. The fun should come from running the business, not counting the money.

Return On Investment

What is the basis for measuring Return On Investment?

#225

Is it based on the original cost; a reduced amount that reflects a recognized fall in its value e.g. depreciation; or current market sale value? It matters if you are deciding whether to hold onto an asset or cash it out and replace it with something else.

#226

The measure of investment should be the current market value This takes into account the opportunity cost of alternate investments. Else how can you compare whether or not to retain an investment based on its current returns, versus selling it, and investing the proceeds elsewhere?

Perseverance

It is amazing how often businesses will set out on a difficult strategy, and when they encounter the inevitable hurdles, setbacks and problems, give up when success is just around the corner. If your strategy is well thought out and considered, persevere. It is better to die trying, than to die wondering.

#317

Two Out Of Three...

#318

A famous maxim for any business and its customers is, which will you give preference to: Time, Cost or Quality? You can only guarantee any two of these together. A quick job may be cheap, but of low quality. Quick with high quality will not be cheap. And a cheap job of high quality is not done urgently.

Singular Goals

A business should have one over-arching goal or objective at any time. For example, grow sales by 10% p.a. A single goal will inform every initiative, decision and action of the business in a logical and consistent way. Invest the time to determine what is the most important goal for the next period of time.

#324

More Than The Cash

#334 Too many businesses operate on the principle that as long as there's cash in the bank, we must be doing ok. This is a hand-to-mouth approach, and can put limits on what can be achieved. Whereas those businesses that look for the bigger picture can achieve bigger things.

Sound Advice

Just as any person wants the best medical opinions on their health, business owners should never skimp on getting the best opinions when it comes to professional business advice. The cost of good advice is immaterial compared to the amount you might lose if you get poor advice.

#336

Your Own Kudos

#345 Unlike corporate executives, business owners have no prestige other than being the boss. They must fully accept the responsibility for failure and take the credit for success. When successes are achieved, they create their own kudos, which does not leave them if they move to another business.

Greed Isn't Good

Some people who become very successful financially begin to exhibit signs of paranoia and/or a toxic distrust of others' motives. At the extreme end, this behaviour can lead to mental illness. To focus on wealth for its own sake may not be personally healthy nor conducive to good working relationships.

#370

Work Is Good

#445

We are urged to work smarter not harder. But nothing good ever came without effort and sacrifice. You can't get something from nothing, or a lot from a little. There has to be a price for success, and it cannot be laziness or complacency. Work smarter and harder. Now there's a powerful combination.

Change Is Constant

Change for change's sake is said to be a bad thing. Not in business. You need to keep looking to make improvements, which can only come about by change. But people like to get comfortable and so resist change. Changing things keeps people on their toes. Complacency is a business killer.

#375

Price Disclosure

#97

When you gain a new account, they immediately want to know what your service will cost. Tell them up front. This initial period in the relationship, in which they have selected and trust you, is when you have the most leverage; not later. Stick to your quote unless circumstances change markedly, and their trust in you will grow.

Show Courage

Every business attracts what are commonly called “tyre kickers”. People who are not yet committed to buy but are looking to extract the most information they can get for free. You need to summon up the courage and create a process to filter them out, such as requesting a deposit in advance.

#380

Worthy Goals

#382 Is your goal to make money, or be better than the competition? Give yourself a goal to make your business worthy: make it the best that it can be; your products and services the best that they can be. Then you won't be able to help beating the competition and making more money.

Show Courage

Even when you are successful, do not become an arrogant or complacent business. Continue to ask questions; look for improvements. Do not believe that you have all the answers. Remain vigilant and humble, else you will limit your access to new knowledge and miss warning signals.

#383

Mutual Respect

#395 Would you want to work for someone who does not respect you or your abilities? Yes there is the money; but that will be short term. For a healthy long term relationship with a customer, the ground rules need to be established at the outset. If the customer respects you, they will be fair and reasonable.

Planning Pressure

“Fail to Plan, Plan to Fail” you’re bound to have heard it. But plans create aspirations and expectations. Unmet expectations cause stress and discontent. Instead of planning for arbitrary goals, do your best in every process of the business and the result will take care of itself.

#432

No Friends In Business

#433

It has often been said you should not do business with friends, for understandable reasons. Friends are people we like to hang out with. So, you have your personal friends; plus you can have other friends whose company you enjoy and with whom you like to do business; but keep them separate.

Process Or Outcome?

When you hear successful sportspeople, they tell you that they “stay in the moment” and “focus on the process, not the result”. Whereas, in business we do the opposite. We focus on results: sales, profits and the like; instead of taking care of each process that leads to sales and profits. Why is that?

#440

Learning From Mistakes

#234

Learning is a process that involves risks because ultimately all applied learning comes from making mistakes. The key to encourage learning is to not punish mistakes, but to create a safe, nurturing environment that encourages risk taking where we learn from the mistakes.

Ethical Sales

Every business is charged with the task of increasing its revenue. However, this should be always done in an ethical way by offering choices and products to customers, that provide them with fair value. Cynically looking for ways to raise revenue by gouging customers will only cause everyone harm.

#450

Accepting Responsibility

#452

There is a difference between excuses and valid reasons, when something goes amiss. Excuses are called that because one seeks to be “excused” from responsibility, or forgiven. Reasons are factual, where responsibility is accepted without any presumption one should be excused.

More With Less

An economy with a stagnant population can only grow by increasing productivity and capacity through innovation, technology and new equipment. The same applies in business. If all work practices are efficient, to increase the rate of production you need to replace human hours. Do more with less.

#461

Business Partners

#463

What qualities do you look for in a business partner? When times are good and business is going well, it probably doesn't matter (as long as your partner is honest!) It's when you need to count on your partner: Do they give you confidence and strength that together you can get through tough times?

Risky Business

Operating a business is risky. There is economic and financial risk, emotional risk, reputation risk, compliance risk, employees' risk, independence risk, legal risk, professional risk and more. It can be very daunting for business owners. Not everyone has the capacity to endure.

#479

LEADERSHIP

Actions Of A Leader

#69 | As a leader your actions are far more important than what you say. It is more important to do the walk than to talk it. Your people are watching every move you make. They will make their assessment of you as a leader mostly on what you do.

Brand Leaders

While you may be the leader of your organization, everyone in it represents a component of your brand. To the extent that anyone is not meeting your standards, your brand is being diminished. Therefore, everyone in the organization is a leader when they have the moment in their hands.

#232

Warning Bells

#242 | As a leader, be sensitive to the alarm bells that signal all is not well: declining sales, rising customer complaints, unusual staff churn and/or low morale. These indicators are a warning bell that the ship may be in choppy seas, or worse: heading for an iceberg.

Visionary Leaders

One of the main roles of the CEO/Managing director is to drive the company's vision –otherwise, who else will do it? The leader should not get carried away with micro-managing the business. If processes are correctly delegated the CEO can oversee operations by monitoring outputs, not activity.

#263

#319

Some points on leadership: communicate your vision not only at the start, but with every initiative you introduce along the way. When you become tired of saying it, others are just starting to hear. Be authentic, consistent and genuine about what you say and do. It's the only way to walk the talk.

The Apprentice

Every business owner whose business largely relies on them, needs to be grooming an Apprentice. The Apprentice will have certain basic skills, but will need to be further trained, mentored and guided by their boss until he/she is ready to take over. Every key employee should also have an Apprentice.

#280

Be Challenged

#309

Who asks you really great questions that make you stop and think about your business? A good advisor will ask the right questions, then help you to sift and interpret the answers so that you are always ahead of the game, rather than simply reacting.

Delegation

For many CEO's there is a belief that because they are often the most highly experienced person in their organization, they should do most of the work. An alternate view is that the CEO should only do that which no-one else can, delegate the rest; and work on running and growing the organization.

#351

Is Anyone Following?

#396

You are a leader only if others follow. If you do not articulate where you want to go and why, nobody will follow voluntarily. True leadership inspires and motivates true followers. A leader must engage with their team continuously and explain, persuade and convert them into volunteers.

Two things distinguish true leaders. Firstly, leaders lead – from the front; they remain leaders only while others willingly and enthusiastically follow them. Secondly, they will never ask a follower to do something that they would not do themselves.

#429

#475

A leader is out in front on their own and has others behind them. Nearly every move of a leader is watched, discussed, questioned. Some of those being led may be inspired, others may not like or agree with the leader; while others are apathetic. Leading can be daunting and not all plain sailing.

Personal Brand

If the success of a business relies on its owner being or becoming a person of interest to the public, such as a Richard Branson, then the owner must be prepared for the loss of privacy that comes with it. And if the owner ceases to be of interest to the public, what is the effect on the business?

#361

Personal Power

#496 Leaders who only want to be in power or control are shallow. They lack the ideas, driving purpose, passion and belief that is necessary to move forward and inspire others to follow. Their real purpose is self-interest. Only lead if you are fired up to make a difference and you know what you will change.

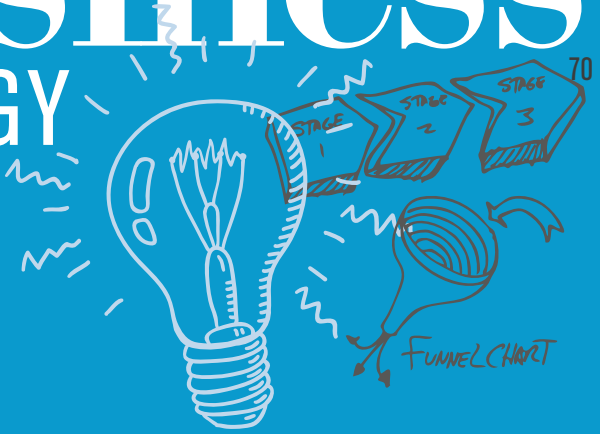
Positive Energy

As the boss, you should be aware that everything emanates from you. This is even down to how positive and energetic you are around your employees. Start every day with a positive outlook, no matter how you feel. If you don't, your negativity and grumpiness will be contagious and everyone will soon be arguing and uncooperative.

#37

CHAPTER 4

Business STRATEGY



GETTING STARTED

What To Charge

When starting out in business, you may be unsure how much to charge. Look to the market as a guide, but initially it's better to be under priced than overpriced. You need all the sales you can make. As the business becomes established, you will not only know what you should charge, you can be more selective whom you work for.

#83

Chart Your Course

#151

Before you set sail, chart your course. You will encounter storms and unexpected weather, which means that you will have to change direction many times along the way; so it's okay to change course. Even Columbus had a rough plan. How sensible is it to set off into the wide blue yonder with no plan at all?

For that matter, it is folly to try to sail around the world in a rowboat. You need knowledge, maps, food supply, the right rig, decent equipment and navigation tools. How well is your business prepared for the challenges on which you are going to embark in the next 12 months?

#152

The Business Plan

#159

A Business Plan should as a minimum cover 6 key elements:

- (1) What do we have to sell?
- (2) Who will buy it from us?
- (3) How big is the market we want to be in?
- (4) How much of that market can we supply?
- (5) How do we access the buyers
- (6) What, if anything, is inhibiting growth?

Any business with a mind to can write their own business plan. The measure of success of business plans is 20 percent in devising the right strategies and 80 percent in their implementation.

#140

Negotiating

#44

Three lessons in negotiating:

- (1) Don't become emotional – it stops you thinking clearly under pressure;
- (2) ask lots of questions, and listen, to find out what the other side really wants; and
- (3) always remember the higher purpose you have in common, as this will draw you closer to making the deal you both want

When negotiating a long term deal, it is vital to leave enough on the table for the other party. If you go in too hard, with a winner take all approach, it is not setting up a foundation for any future with them. You may feel you are giving something away, but it will be more than recouped in the long term.

#262

MAKING IT WORK

Change For The Better

#72 | Improvement comes from making changes and seeing what works. People avoid change because they like their comfort zone. Without change and risk, there is no improvement. You can bet your competitors are trying to improve.

Re-Invention

Most businesses need to re-invent themselves every few years: re-brand, change of logo, have a spring cleanout. Every market is so crowded these days that to stand out you need to remind people of your point of difference. It is also dangerous to become complacent when things are going well, and not make necessary changes.

#71

Unfriendly Competition

#59 | The truth will out eventually. Smears and scare tactics to your customers and suppliers from your competitors will prove to be baseless if you stick to running your business well. Your reward will come when the rumours backfire on the perpetrators.

Being aware of what your competitors are doing, without being led by them, is a fine balance to tread. You want to remain different. It's also important to know how big your market is and how much of it you can realistically gain, and from which of your competitors.

#68

Core Business

#53 You must stick to the core of your business. It is your business' essence and defines its culture. Taking your eye off your core product may cannibalise its sales and fatally change the business' culture. Unless you are still trying to sell typewriters into the computer market, your core product has growth potential, so keep it core.

When you have collateral activities around your core business, there is so much noise, making it hard to focus. Put your attention on your core business, and remove the distractions. With proper focus, you will see opportunities that were previously lost in the noise.

#191

#307 Before you start entertaining expansion into new business areas or opportunities, ensure that you have fully realized the potential in your core business, even if it means putting someone else in charge of it while you pursue new horizons. It is also a good insurance policy.

Consider Venture Capital

Venture capital can be a wonderful way to help a business grow in leaps and bounds. Owners can often be too precious about their business and expect prospective investors to take unreasonable positions when after all they are risking substantial sums. It is better to own a good percentage of something big, than 100% of not much.

#78

Quoting

#98 When you're asked to give a quote, there is a temptation to under-price yourself to win the job. Things nearly always take longer than you can envisage in the quoting stage, and most people sell themselves short. If you get more work from this source, how can you ever get your true worth? Stick to what you know is a fair price.

Focus On Growth

Businesses that are expanding are easier to manage than contracting ones. Morale is good, staff are enthusiastic, and time is not wasted on managing crises. Nowadays, everyone knows what a restructure is. So if faced with a choice between all out growth and downsizing, focus on growth first.

#99

Benchmarking

#87 | If you are struggling to find the way to make your business successful, see if you can find an indirect competitor of about the same size that's doing well. Ask them to let you analyse their business and compare every facet, then try and match them. They will generally be chuffed and want to learn about the good things you do in return.

Product Differentiation

Products and services can often be difficult to differentiate from your competitors. Sometimes the only way is through price, which drives the price down. To escape this pitfall, change your product slightly; add something valuable to it that is exclusive to you. Then you can charge a premium and make a decent margin.

#94

#95 | When you seem like the only innovative supplier, and everyone else is copying you then under-cutting your prices, set up a product development team. Design and introduce new products every six months that keep you ahead of your competitors. When you are being copied, it's time to move on to new products, not boast.

Have a look at whether you can and are operating at all price points in the market. There may be a niche you are missing. For instance, provided it doesn't cheapen your product, you may be able to offer a low cost, low margin product, maybe under a new budget brand, and enjoy some extra high volume sales.

#142

Market Research

#101

While expensive, it can be worthwhile commissioning independent market research for your products or services, even if you're a wholesaler. You want to know exactly why people are or are not attracted to your offering versus your competitors. Identify the demographic of your consumers; how many of them, and where they are.

Identify Need

New products sell best if they are meeting a need. Look for the need, for the opportunity. Ask questions like "why is it so?" in a business sense. What about if it was done differently? The need will identify the target market. Then all you have to do is promote the product to the target.

#117

Market Niche

#126

Once your belief in the viability of your product or service has been independently verified, focus on the market niche which will gain the most benefit from it, and the reasons why. Target all of your marketing activity to reaching the decision-makers in this niche, no matter how hard it is, and show them the benefits.

To find a niche, draw on your personal experience. Start with a problem or lack that if solved would improve people's lives. Take note the next time you are frustrated by something ineffective. Perhaps this is an opportunity for you to devise a product or service to meet it that is complementary to your business.

#162

Buy To Sell

#133

You buy what you sell; you don't sell what you buy. So you know the market price of what you sell, and you gauge the cost of what you buy to give you a decent margin. Selling what you buy leads to indiscriminate buying, a lack of clear purpose and direction, and problems with stock to clear.

Buying A Business

The same principle applies to acquiring businesses. A major key as to whether the acquisition will work is whether or not you pay too much for it. If you buy cheaply, the hurdles for success are lower, and it puts less pressure on the success of the new business. Pay too much, and it may put the entire business under strain.

#134

#196

When buying a business, do your sums on the assumption that you will only retain sixty to seventy percent of the customers. Retention is one of your biggest risks. Then, if you achieve better than seventy percent, it will be a bonus.

Buying a business in another state or territory can be problematic. The locals may treat you as an outsider and if the business doesn't fire so well early, it will be a major distraction for you, as you will have to commute between businesses to fix the problems of the new one while being distracted from running your old business.

#197

#260 | If you are considering buying a business, it should pay a healthy return on your investment – a super profit if you get it right. If you want to work in the business, it should pay you a market salary in addition to the profit. Otherwise, you are simply buying yourself a job, along with all the risks and obligations.

Anyone looking to buy a business should conduct a formal due diligence, using professional guidance. This process seeks to test that you will end up with what you think you are buying. It's like inspecting a property and making all your enquiries before you buy. For businesses, it's "Buyer Beware".

#491

Dilemma Of The First Employee

#145 | If you work alone, sell time and you have more work than you can handle, you face the dilemma of whether or not to put on an employee. One option is to put your rates up: this will ration the demand and improve your return. Another option is to merge with someone who already has the infrastructure to support your growth.

Dilemma Of Big Or Small

In some ways, a service business grows best from personal referrals when you are small and clients can relate directly to you, as opposed to a big "firm", where clients have to pay high fees to cover all the overheads, and don't enjoy as much direct contact with you. It becomes a catch 22 then to grow big but stay small!

#147

Incremental Growth

#168

Your business can grow in different ways. You can take big leaps or baby steps. Usually, the big leaps carry more risk, because they require more capital. Baby steps can, with ingenuity, be taken with very little cost. The stumbles are less costly. Yes, it will take longer, but each small step is sure and certain.

Three Fundamentals

There are three fundamental parts to keeping a business thriving: planning the course, implementing the strategies and keeping the wheels of business turning to pay the rent. All three balls must be kept in the air. If you drop any one of them, what will be the worth of the other two?

#180

Facing Reality

#182

Sometimes you just have to cut the cloth to fit the suit. If you have built it and they still don't come, even after you have tried everything, you may have to accept that you have a white elephant in your backyard. Better to cut your losses than forever chasing the impossible.

Impediments

Businesses with a commercially viable product or service will grow provided they are not impeded. Remove the impediments to growth. Ask what is holding us back? Are we ready for more business?

#188

Take The Bath

#203 | I see often where business owners sell good investments to pay for the losses being incurred by bad investments, while they try to turn the bad ones around. It makes far more sense to keep the good investments and cut your losses on the bad ones. Human nature being what it is, the hard part is admitting our mistake and taking it on the chin, so we can let it go. Otherwise, it takes hold and consumes us.

Insufficient Funds

There is never enough money to do everything you would like to do in your business. You will always find new goals and the cash won't be there. So don't put them off for this reason alone. If they make good business sense, you will find the money somehow, so just proceed sensibly.

#217

Franchising

#222 | Franchises are the large scale embodiment of Michael Gerber's E-Myth and independent businesses. Franchises prove that Gerber's principle of having documented, repeatable business systems works in most cases. It takes time to complete, but systemising and documenting has its advantages.

Complex Solutions

Business often involves complex problems that have more than just financial issues. Sometimes there are political aspects too, insofar as how different people will be affected. Therefore the solutions need to be wide ranging and cover more than just the financial aspects.

#230

Gauge Your Support

#241 “Bums on seats” is always the best gauge of support for a cause, whether it’s a business or a non-profit organization. If your prospects are constantly avoiding you, you need to re-consider the effectiveness and relevance of what you are doing.

Setting New Targets

Businesses are presented with many opportunities. That is because they create leverage and synergies from their collective activities. For a successful business, new opportunities should exceed the performance level of existing activities, before they are pursued or even considered.

#259

Too Good To Be True?

#132 One approach to business is that it’s easier to start a new business than to try and turn around an ailing one. I guess this is because of all of the baggage and negativity which comes with a failing business, even if it has some good features. The next time a “golden” opportunity is going cheap, really question why?

Success Blueprints

If you try something new in your business and you find it works, see if you can apply the same principle to some other aspects. There are examples where a new technology greatly reduced the cost of a core product, yet it was never considered to apply it to non-core products, so market share was lost.

#264

Cash Is King

#275 | In recessed economic times, cash is king; debt is a heavy burden. Sell assets peripheral to your core business, reduce debt and cut costs. Focus on the core business to generate positive cash flow. Re-build from a position of strength. Borrow when interest rates are low; cash out when they start to rise.

Reward The Group Not Individuals

If you have a number of distinct yet interconnected business silos, and are considering introducing performance incentives, perhaps you should reward overall group performance rather than individual results, to avoid potential conflicts, friction and unintended behaviours from some managers.

#276

Hard Work Pays Off

#278 | In the modern era of fast money and the free lunch, the global financial crisis has surely settled once and for all that lasting reward only comes from genuine self-sacrifice and hard work. A business that does not shirk investment in the finest details will reap what it sows.

Seek Synergy

It is preferable if new business opportunities have synergies with, and are complementary to, your existing business. It can be a trap to pursue what may appear to be a good idea, that is in an area where you have little or no experience or expertise; compared to the industry that you know well.

#283

Seek Partners

#299 | If you cannot bring yourself to employ either staff or advisors to provide the skills you lack, perhaps the right partner may be the answer. It is very difficult to only be accountable to oneself, so find someone else who makes you accountable and keeps you on track.

Risky Business

All business is risky. The issue in developing your business model is to minimize the risk. Think creatively to devise strategies that will produce predictable results for the minimum cost and effort. Eliminate processes that have a low probability of success and/or high cost, to make your model tight.

#301

Bridge The Skills Gaps

#302 | Businesses have many departments: sales, production, finance etc. The skills and experience of the owners may dictate a preference for one or the other, leading to that department being of higher quality. Such gaps expose weaknesses in the business. Bridge these gaps so that all areas are strong.

Working Capital For Fast Growth

Do not build a foundation of fast growth on the back of achieving big sales where there is insufficient cash being received along the way, unless you have adequate reserves of working capital. For example, without such reserves, do not take on long term projects where there is no pay-off until completion.

#358

Subsidising Loss Activities

#360 Subsidizing one department with another long term is never a good idea. There is no incentive for the subsidized one to become profitable or competitive. It breeds complacency, laziness and a lack of accountability. Moreover, if one department subsidizes all the rest, it's a risky strategy.

Renting Vs Buying

People often confuse a decision to invest in commercial property, with owning the premises out of which their business operates. As your needs change, you need to move to different accommodation. You do not want your physical location impacting on business decisions – and it will if you allow it.

#365

Don't Be Too Hasty To Say No

#366 We are all presented with opportunities that on first blush appear attractive but we can only see the problems; so we back off. Just because you do not have all the skills or the answers, don't say no straight away. If you accept the contract, can you find and manage the right people to deliver it?

Flexible Budgets

For a new venture, yes, prepare a budget. But don't lock in everyone's entitlements for wages and drawings. Make them flexible, until you can see how the cash comes in against the budget. If there's a line of credit in place, you don't want it being the only source of funding if the sales are under par.

#404

Coping With Change

#430 It is acknowledged that change is now a constant. Sometimes it is vital to survival. If you accept that you must be constantly changing things in your business, you can embrace change on your own terms as a preventive treatment. Otherwise it will come upon you with the post-trauma of a surgery.

Expert Advice

Successful business owners exploit opportunities others miss. Not just in products or sales, but in ways to improve their services, delivery, staff performance and processes, depending on their area of focus. For all other areas they should seek experts to point out the opportunities they should consider.

#443

More KISS

#454 Business in the end should be simple: you supply and deliver a good or service of an appropriate quality, pay for your inputs, and you receive payment from customers. Unfortunately we complicate this by introducing a whole lot of extraneous activities. Re-visit what you do and stick to the basics.

Founders Keepers

The two key issues to assess about start-up businesses are: the viability of what is to be sold, and the business's ability to deliver without relying on the founder to contribute 100% of their time to logistics, operations and administration. The founder needs time to plan, to direct and to monitor progress.

#460

Business Models

#462 | It is important to develop a clear picture of what your business model should look like, even as you are constantly tweaking and refining it. And by documenting your processes and systems as you go, you are always ready to replicate a proven and successful model multiple times.

What is a business model? It is a mix of product range, margins, delivery method, market positioning, target customers, capital, cash flow, people, time and other factors. These blend together successfully to produce a sustainable business. If not, the business model needs to be questioned.

#486

Networked Staff

#492 | When looking at methods of investment and financing for growing your business, at one end of the spectrum is hiring sales staff to chase new sales and at the other there is the merger/acquisition path. In between, you can try attracting account managers who have a loyal client following.

Protecting Your Advantage

Protection of intellectual property with design patents was an effective device when technological change was slow and difficulties with travel and communication made it even slower. No more. It may be that now your best protection is to just continually innovate for a leading edge over the market.

#495

Your Brand

#102

There is a lot of noise about brands. Consumers apparently are attracted to brands and will pay a premium for branded products. I guess this is true if they perceive a value in the brand. What does your brand represent? What is its character or identity? Does everything you do reinforce this perception?

ENTREPRENEURS

Counter-Balance

Most entrepreneurs are creative thinkers. Their brains are wired with more connections than average between the left and right halves. They are also very passionate about what they do. These types tend to be not so strong on attention to detail, and rely more on emotion and intuition than logic. They need counter-balances.

#419

Counter-Intelligence

#154 | Everyone knows entrepreneurs are creative and passionate about their business. My other observation of successful entrepreneurs is that they are highly intelligent. This puts them ahead of the pack. And any intellectual capital they lack, they buy in through highly intelligent advisors.

Counter-Intuitive

Carpe diem - seize the day – was popularized in Dead Poet's Society. Everyone wants big dreams to achieve, but successful entrepreneurs sweat the small stuff too and they are counter intuitive. They go against the norm; they lead the way. Counter intuitive thinking is rare by definition. Dare to do the unorthodox.

#442

Business Trading

#171 | A businessman trades in goods and services. An entrepreneur trades in businesses. He finds them, buys them, builds them, sells them. Most businessmen after many years of toil rarely have more to sell than their products. Which are you, a businessman or an entrepreneur?

Born To Rule?

Entrepreneurs are born, but they can also be made. Born entrepreneurs act instinctively from an early age pursuing opportunities. If you are not a born entrepreneur, you need a long period of apprenticeship to learn how to spot opportunities, weigh up the risks, and act decisively.

#192

Profit Sixth Sense

#205

Successful entrepreneurs have enough sense of numbers and making a profit even if they hate numbers. Unsuccessful entrepreneurs who hate numbers use this as an excuse, when the problem is that they do not have an innate sense of profitability. Simply put, it is: sales, sales growth, and margin.

Entrepreneurial Work

If you're wondering as a business owner what is the appropriate or optimal mix of activities for yourself, you should only be doing two things: high value added work or business building activities. Therefore your time should be roughly 20% administration, 20% production and 60% sales & marketing.

#407

Change Your Industry

#409

Everyone says you should have a vision for your business. This means you should be passionate and enthusiastic about your industry, otherwise you simply own a job. So to have real meaning, your vision will include how your business will make a difference to, or change, your industry or profession.

Core Strategy

#428 | Anyone in business with an eye on opportunities will be bombarded with offers that are tangential at best to their core business or current business strategy. Pursuing these because they look interesting will be a distraction and waste time and effort. Only pursue opportunities within your strategy.

A Definition

Entrepreneurs are people who see an opportunity or trend in the market that others may have missed. They can envision how that opportunity can be transformed into product and delivery on a sizeable scale and then convert it into profit. They take risks to make it happen and don't quit until they're done.

#437

Too Many Opportunities

#143 | Entrepreneurs are visionary. They can see opportunities that others miss. Often, they see so many, they suffer from being unable to prioritise and focus on the necessary things first. This is where a mentor or coach can be of assistance: to analyse and identify the optimal paths in the short and long term; then help keep you on them.

Re: Marketing

Maureen Wheeler (Lonely Planet) says “all you're trying to do with marketing is figure out what people want and then give it to them. What an entrepreneur really does is figure out what people don't even know they want... something they don't have and you give it to them.”
Apple company is a good example of this.

#485

CHAPTER 5



Managing THE BUSINESS

STRATEGIC MANAGEMENT

“Smelps” Principle

- #500** Give your business a quick health check (SMELPS®) how does it rate on **S**ales generation? Do you know your **M**argins? What are your **E**arnings/Profits? How is your cash flow **L**iquidity? What about the **P**roductivity of assets, IT, staff and management? Does the **S**tructuring provide asset protection and lowest taxes?

Time Management

- Time management is about what it says: Manage your time. Take control. Plan. Make lists, decide what's urgent. Choose a time when you will not be interrupted or just close the door, and clear up the important items. Delegate anything that you do not absolutely have to do yourself. Every single day.
- #25**

Hard Thinking

- #30** Thinking is vital in a business. To plan; to prepare; to avoid mistakes. It is said to be the hardest work to do, which is why so few people do it. Find ways to give yourself the valuable time to think. Nobody else is going to do it for you.

Email Tips

- Nobody knows what time you read your emails. If you have something urgent to do, don't open your emails until you've finished it. If you always answer emails immediately, that's what people will expect of you. Fifty percent of emails can go without being answered for days. Some, forever.
- #28**

- #39** It is a sad fact of the business world today that one of the best ways to protect yourself is to almost always put things in writing. With email, this has never been easier, so there's no excuse now for not covering your tracks.

Sun Tzu

The big Japanese companies approach business like a military operation. Not only is there enormous attention to detail, they don't start an action unless they have prepared to the extent that success is almost inevitable. And the result they are seeking is total conquest: they take no prisoners. There are some lessons there for us.

#32

Cabinet Solidarity

#56 It is okay, even important, for robust, healthy discussion and disagreement at board and management level, in order to make the best decisions. But once the decision is made, everyone must fall in line behind it, if it is to work. Division is a cancer.

Morning Constitutional

A brisk early morning walk has many benefits. Good exercise, healthy, being out when it is quiet and the air is most clean, enjoying nature and the environment, some time to yourself. Using the time to think about your business, about your life, to develop new ideas and solve problems. It is a habit worth developing.

#61

Excess Capacity

#62 If it is at all possible, try and allow some extra capacity in your business. Running very tight may be financially prudent, but it gives you no room to move if something goes wrong. Everyone is always under pressure. You cannot develop new skills or training. How will you handle a sudden increase in new business?

While it may be difficult financially, try and have a buffer in your cash flow. Don't always operate right at your limit. When Murphy's Law prevails, you need to be able to find the cash to meet unexpected costs, without frightening your bank, suppliers and staff.

#63

Cash V Profit

#84 Profit is an accounting term and mainly is useful in working out how much tax or dividends you will pay. Focus on cash, not profit. When will you recover your initial outlay, and how much cash will your business generate per week, per month, per year? If the money in the bank is ever growing, you know you are making profit.

Just Do It

If you have a large or difficult project and can't find the motivation or inspiration to start, try taking small bites, one at a time. This will make it seem less overwhelming. Just starting will get your mind turning on how to do the next part.

#51

#82 When overwhelmed with tasks to complete, Mr Procrastination often pays a visit. There are two schools of thought on how to commence. One is, do the easy ones first to get your momentum going. The other is, do the hardest first, then the rest will seem easy. Whichever you choose, just doing something sends Mr Procrastination packing.

Ex-Customers Are Valuable

If a number of your past customers are no longer buying from you, they probably have very good reasons. What are they? You owe it to yourself to find out. It may help you avoid losing other customers. On the other hand, their only reason may be that you stopped contacting them. In which case, contact them and they might return.

#86

Change Management

#88 Change management is a difficult process for all concerned. So often, people have their own agendas and are resistant to change, even to the detriment of the organisation. Sometimes it pays to engage a credible, independent expert to conduct a review and if appropriate, recommend what changes are needed and why.

To fix what is broken requires change. There needs to be a circuit breaker, a way of operating the business in a demonstrably different way. Change involves risk, but what is the risk in not changing? What are the risks from making the necessary changes?

#213

#326 A good way to handle any major change in an organization is to treat it as a separate project. Create a project team with a leader, to map out the plan, the strategy and actions to be taken to implement the changes. Do this every time and the changes will flow more smoothly.

Main Game

When faced with a number of possible alternative actions, the key motivator should be: what is the main issue or problem we are trying to address? Is it quality, market share, finances, sales etc. Once you have clearly and simply settled this vital question, the immediate course of action will leap out at you.

#124

#125 As a key decision-maker, your overriding concern must be the interests of the stakeholder you represent: is it the company, the shareholders, your boss, your customers, taxpayers, someone else? Sometimes you will need their authority before you can act. It can be a fine line to tread, but never over-step the mark.

Blame Game

Have you ever worked for a business owner or manager who had a blame mentality? Whenever something goes wrong they always search for someone to blame and yell at. They're not pleasant people to work for. It's often because they're second guessing you, instead of giving you clear instructions. Fix the problem, not the blame.

#106

Rational Decisions

#128

It is probably true in life but definitely true in business that you should not take decisions based on emotion. Intuition or instinct is not the same as emotion, as there is usually some logic or rationale behind intuition, whereas emotional decisions are nearly always irrational.

Relying entirely on intuition is equally as dangerous as deciding on pure emotion. There needs to be a degree of information gathering, study and analysis to go with the intuition. Simply, you still need to do the homework to make good, lasting decisions, rather than bank on "gut feeling" all the time.

#129

Brand Consistency

#138

Uniformity and consistency on all of your communications material is an accepted norm nowadays, from your logo and stationery to advertising and website, even emails. Over time, circumstances dictate that one or more of these get out of alignment, so it's worth revisiting all items every twelve months.

KPIs

Key Performance Indicators (KPIs) should be called Key Predictive Indicators. You are more interested in knowing what is happening now, that will impact the future, than what is already past. For example, how full is your order book; where are the orders (not?) coming from; which stock is/isn't turning....then you can take action.

#91

#158 | If you are the sort of business that records all sorts of performance statistics to do with product performance, do you apply the same discipline to sales activity? Do you track all website hits, sales calls, customer contacts, conversion rates, customer visits, complaints? It's just as important to track sales as well as production.

Is there one key performance measure that can inspire or motivate the actions of your entire organization? For example, safety, or return on investment? The right metric, whether financial or not, can quickly align every single person's actions with the objectives of the business.

#323

#347 | It has been said that while budgeting is about not failing, planning is about succeeding. Do you know which are the five most important drivers of success in your business? Do you regularly plan, forecast, report on and measure these drivers? Or is your focus on less important indicators?

Deriving KPIs, especially non-financial ones, can be a challenge. Drill down to the lowest denominator of activity for critical tasks. So for a sales rep, how many leads do they get? What sources? How many customer calls? How many quotes? What is the conversion? These are all measurable KPIs.

#402

Predictive KPIs

- #157** | What more sales data or intelligence can you obtain from sources outside your organisation, which will prepare you for downturns in sales? Often your own people don't have all the answers, or get them after the event. You need indicators that predict sales are going to flatten, so you can be proactive.

Improving Margins

- If your sales are at a reasonable level, but you still struggle to put some cash in the bank, you are undercharging for the level of service you offer. If the competition is so tight that you can't easily raise your prices, then you have to face the fact that your customers don't fully value your service quality. You need to cut some costs.
- #141**

- #146** | Ask your accountant to analyse your financial results, instead of just giving them to you. Accountants are trained to analyse numbers, and yours should have some knowledge of your business, as well as information to compare your results with other businesses. Ask your accountant for recommendations for profit improvements.

Backup Plans

- Do you operate your business either from home or on a laptop? If your hard disk crashes, you have a fire in your office or your laptop is stolen, you can suffer a serious setback. Arrange for regular off-site backups to your key data before something happens, and test that the restore works.
- #177**

- #179** | What contingency plans do you have if your business is forced to close down temporarily e.g. major fire or flooded by sprinkler system? Are you able to relocate your office and recover your files, software within 24-48 hours so that your business does not suffer needlessly?

Income Protection

Are your key people insured? If you are self-employed, do you have income protection insurance? The loss of key staff or illness to business owners can be a severe setback. As the owner of the business, no-one else is going to look out for your interests. Insurance for these contingencies is relatively inexpensive. **#178**

The Emperor Has No Clothes

#200 People say that consultants just tell you what you want to hear. A good consultant tells you things you don't want to hear - the truth. The things that you are doing wrong in your business and the things you should be doing but you don't like doing or don't want to face. If they tell you the truth, they're more like a true friend than a consultant.

Settle The Case

If you are in a legal dispute with an ex-employee or competitor over intellectual property, it can be very emotional. It is likely the lawyers will be the only winners after the costs and distractions. If you can, put aside the emotion and find a way to settle it, even if it means joining forces with the protagonist. **#211**

China Syndrome

#212 The rules in doing business with China are changing. As the Chinese supply more major global customers and they become wealthier, they are becoming less inclined to accommodate smaller customers as they once did. Do not rely solely on your existing supply arrangements – develop alternates.

Not Just Beancounters

Most accountants are good with numbers, but about only ten percent have real entrepreneurial sense – roughly the same proportion as the rest of the population. Work out whether your accountant is part of the ten or the ninety percent, and use their talents accordingly.

#218

Locked Up Capital

#220

Have a look at your assets, where your money is tied up; particularly your debtors, stock and equipment. Cash locked up in assets is not available to pursue business opportunities when they arise. What cash can you retrieve from these assets? Useful assets should always be generating new cash.

Complaints Department

Look for feedback from your customers' experiences with your business. It is the complaints and criticisms that are the best clues as to what needs improving in the business, from the customer's perspective. Complaints are an opportunity, not a problem.

#221

Free Samples

#156

Is there something that you can give prospective customers for free that starts a relationship with them? For example, an appraisal of the services they use someone else for, in which you specialise? Be genuine and objective – if it's good, say so. It may open the door to them considering you for this service in future.

Value In Attending Seminars

Attending relevant seminars keeps you up to date with trends and maintains your knowledge bank. As a minimum, they should give you ideas for your newsletter and you will network with someone that you can add to your email list when they give their business card. Seminars should never be a waste.

#223

Document What Works

#227 Once your business model is working well - new sales are being consistently generated at or above the expected level and service/product quality is being consistently maintained at or above customers' expectations - ensure that all processes are documented and that there are no unforeseen weaknesses or gaps in them.

Coaching Contract

Coaches of business leaders strive to pass on the techniques, processes and systems that ultimately enable their clients to self-correct their business problems, and set new strategies and targets to achieve. When this is happening automatically, their role with the client has finished.

#233

Learning Economics

#251 Senior executives in sales and production often are inexperienced with financial statements and commercial issues. To broaden their experience and thinking, send them to management training courses. Also, nominate a board member to take each of them under their wing and mentor them.

Powerpoint

We have all experienced “death by power point”. Yet, used correctly, it is possibly one of the best ways to make a pitch or educate and persuade your audience of the merit of your proposal, through a live presentation in a board room or auditorium setting.

#253**#254**

A live presentation with strong audio visuals is the most effective delivery tool because it engages fully with the human senses. It makes a very powerful connection which stays with the audience, because it is the closest thing to mirroring human experience.

Business Intelligence

Business intelligence is a term gaining currency. It's not market intelligence, as it only refers to your business. But if you can extract every piece of useful data from your database of transactions, it can be analysed to provide insight into how your business can be more profitable.

#321

Using Targets

#322

You often hear, what gets measured gets managed; or what gets measured gets done. What to measure? How about information that is relevant to your suppliers, customers, shareholders and employees? Then you only need to decide how to measure and against what benchmark.

Continuous improvement can only occur if there is a measurement process. Once something is measured, it can be improved. The improvement can be measured and therefore can be further improved, and so on, and so on, for continuous improvement.

#325

#374 The three key functions of any business are production (in the broader sense) sales, and cash. Most businesses are weak on at least one of these areas. Identify which one most needs improving and the reasons why it is below par. Seek knowledge and focus on it relentlessly until you get it right.

If you have developed clear targets for the business, divisions or your people that have been well communicated and circulated, why not have a central whiteboard that posts the targets with progress results? That way everyone can see where the pressure points are and react early.

#328

Reliable Information

#346 The faster that change occurs, the more reliant we are on information within our business to guide our daily decisions about risks, opportunities, performance, capacity and the like. How accurate and relevant is the data and information at your disposal within your business?

Negotiating Strategies

Start negotiations with agreeing to arrive at a set of facts. Then agree that both parties will consider making certain concessions in good faith if they determine that it is still in their best interests to strive towards an agreement. Until then, put to one side possible concessions, and focus objectively and dispassionately on agreeing the facts.

#338

#385 When you are engaged on an annual retainer, reviewing the price each year is best avoided. It is incumbent on you to become more efficient so you can absorb cost increases. Also, business is not static. After 2 or 3 years at the most, the scope of the work will change; then you can revisit the fee amount.

If you are involved in a negotiation, and you are able to get to know the person on the other side, devote the time and effort to really get inside their head. Find out what it really is that they are seeking as an outcome. Then perhaps you can offer it. Sometimes they are not even sure themselves!

#411

Hidden Potential

#386

What untapped potential do you have? For example, offices or a boardroom that are used sparsely, signage space on your premises, cross links on your website. If you can offer these to others in a way that complements both your businesses, then you can put that potential to work.

Working Process

The most boring part of a business to focus on is the processes. However, if you challenge yourself to systematically review every process with the appropriate staff involved, you will be able to create efficient processes that will result in overall improvement in profitability.

#329

#348

In order to monitor your most significant business drivers, you must first document all of the processes behind them. For example, sales: what is every single process that leads to a sale? To find out where things are going off course, review all individual processes and any variations from the expected results.

Advisory Board

Set up your own advisory board for dealing with strategic and management issues, and building networks. Invite successful business owners and/or professionals to join, and reciprocate by joining their advisory boards. Have dinner together each month and alternate the focus on each business.

#377

Maintain Peace With Employees

#493 Employees who are leaving can quickly turn into rogue ex-employees. They will want to make sure they have received the employer's contributions to their superannuation fund. Make sure there are no workcover issues on your sites; but most importantly, try to part on good terms with all employees.

STRATEGIC MANAGEMENT

Timely & Accurate Reporting

Someone needs to take responsibility and accountability for the financial reporting of the business. Accurate and timely accounts are necessary for making decisions and predicting cash flow. Business owners are too often engrossed in running things, and therefore should delegate this role. **#308**

Cash: The Lifeblood

#311 Cash is the lifeblood of every business. Keep it circulating to stay healthy, even when you are profitable. Cash that goes out and does not return quickly will require emergency transfusions at best, and can lead to heart attacks, or be terminal, at worst.

You might think it goes without saying that accurate and timely financial information is vital. It is akin to receiving constant medical reports on a patient. If the information is too late or incorrect, the patient can be in danger. This is particularly relevant to a business staying on top of cash flow. **#312**

#335 Profit can sometimes be a difficult concept to describe and is often best left to accountants. But everyone understands cash. Re-examine all of your business activities and ask the question, how does this impact on cash? After a while with this thinking your business can become a veritable cash machine.

False Economy

It is a common occurrence to see businesses that need expert assistance put it off because they feel they can't afford it, or they think they can manage themselves. The opposite is true. It is costing them money the longer it takes them to work out on their own how to make real improvements.

#314

Finance Executives

#255

Your key finance executives should of course be capable of providing you with vital data about the business's performance. The best ones will apply that data and knowledge, and work with other departments, to provide you with strategic advice about what the business should be doing.

User Friendly Reporting

Not everyone can digest rows and columns of numbers in reports. Try converting data into charts and pictures and use colours. For example, sales that match budget can be represented by a green bar, over budget is a blue extension of the bar, and the shortfall to budget is show in red on the bar.

#330

Under Capitalising

#341

Is your business sufficiently capitalized to fund its operations? You need to know your monthly operating costs and how many months you can operate without being paid. If you do not have sufficient access to capital, you will face constant and unnecessary pressures and distractions.

Plan The Inputs

Manufacturing businesses need to plan their production. But there are other types of businesses with reasonably predictable outputs that can learn from having a production style approach to their work. The first step is to take control and manage all of the inputs, then the outputs can be delivered efficiently.

#352

#410

To have a truly great business, you must be in charge of all aspects; not in a control freaky way; but have control of all your inputs and outputs such as materials, supply chains, the right staff, technology and equipment, cash flow, property –including intellectual - and facilities. Focus on control of these.

Accountability For Outputs

Every outcome needs to have someone responsible for it, because if you spread a task among several people, no-one will take ownership for it and be accountable. You will then need a supervisor just to manage it and give instructions. Just assign the job to one person and put them in charge of it.

#417

Sound Trading Terms

#373

Cash flow is a problem for most businesses. Don't try and solve it by borrowing more or putting off paying important suppliers. This only deals with the symptoms. For a permanent fix, you need to get to the root of the problem: re-set your trading terms and insist that customers adhere to them.

No Payment No Sale

A sale is a sale and a client (or customer) is a client only when you have been paid. You are only fooling yourself that you have gained new business if you invest time, cost and resources doing work for a new client, if you are never paid by them. You would have been better off going to the beach. **#368**

#424 Debtors is not money. Work in progress (especially based on some arbitrary time charge) is not money. Any work done is not money. Only money in the bank is money. Do not be deluded that just because there is activity and everyone is busy working, the work done is profitable or will convert to cash.

Having a large amount owing to you by debtors can be comforting – you feel like you have reserves of cash to call on. However, it can become a cold comfort if
(1) it masks the fact that work is slowing; or
(2) a fair number of the debts exceed 90 days, which will make them much harder to collect. **#439**

#456 If you give customers credit, you must be proactive about collecting. Whether or not you employ a dedicated credit clerk, there needs to be a structured system of following up payment after an order is taken. Otherwise your cash flow will be subjected to the vagaries of your customers' cash flows.

Running Your Enerprise

Remember Captain James T. Kirk on the bridge of the USS Enterprise? He boldly lead his crew by example, he plotted the course of the Enterprise and controlled the ship from the bridge, all the while taking advice from his crew. Run your business like Kirk on the Enterprise! **#418**

Managing Pressure

The All Blacks are a great rugby team. Their game plan is simple. They exert enormous pressure on their opponents and the more they exert, the less they have to absorb. There is great pressure in business. Make sure you minimize the things that create pressure so that you are able to withstand it.

#446

Cost Recovery

#487 Cost recovery is an all important aspect of both pricing and defining the business model. A business needs to recover each per unit cost, and then generate sufficient margin and volume sales per unit to cover the fixed costs necessary to support that volume of sales. And a bit extra to generate a profit.

Cap Ex Budgets Important

Mature businesses set capital expenditure budgets to operate by. An objective is to manage growth without expanding too quickly, by prioritising and rationing new investments, whether in equipment, technology or acquisitions. The helps to ensure the business is not over exposed to debt or a downturn.

#488

MANAGING YOURSELF

Clear Your Mind

- #244** | If you lie awake over an issue or have a number of things on your mind: get up out of bed, turn on the computer, make notes of your thoughts, then go back to bed. Capturing your thoughts and ideas acts like a cleanser for your mind, quieting its activity. You should then be able to go quickly to sleep.

Rest

- Sleep and exercise – the body will exact its own price for being deprived of these essentials. Inevitably, break downs occur when you can least afford them, so do your maintenance. The first thing everybody says when they are unwell is “there’s nothing more important than your health”.
- #269**

Spread Your Wealth

- #277** | While you should view your business as a distinct entity from yourself, your business should form one component of your strategic thinking for your overall wealth generation, both short term and long term. Other components will include your home, investments and superannuation. Keep all in review.

Keep Striving

- Most of us strive to be “relaxed and comfortable”. If you are at or near this goal, you may need to re-set the target. You see, if you don’t maintain your hunger, you will go backwards. The key is to just keep striving. So constantly set new challenges and keep raising the bar.
- #284**

#294 Humans need to experience a sense of achievement and satisfaction from a job well done, whether in carrying out the most menial task, or toasting a great success. Fulfilling this need is a hidden motivator to action, so if you find that you are not striving for something, it is probably showing in your results.

Managing Anxiety

If you are going to do a presentation to a group of people and you are a little anxious about it, remember all the bad presentations you have sat through. Did the presenter ever know how you personally felt? If they knew, would it make a difference? Probably not; so don't be too anxious when it's your turn.

#332

#453 We are all humans and are likely to be anxious when put under pressure or into an uncomfortable situation. Good athletes deal with this all the time by preparing thoroughly, knowing what to focus on with laser-like ability, and shutting out all distractions when it counts. Then they just react instinctively.

Procrastination

We can all be procrastinators, particularly if we don't feel like doing something boring or unpleasant. A method that works well to overcome this is to just take the first step, with no intention of completing the task yet. What this does is plant a seed in your mind. It cannot help but take root and flourish.

#434

#362 Four step plan to deal with procrastination:

1. Set out the tasks to be done, in order of priority
2. Estimate how long each task will take; add up the total time
3. Set a time in your diary to start the first task
4. At the appointed time, do Step 1 only. Your brain will take it from there.

#434 | We can all be procrastinators, particularly if we don't feel like doing something boring or unpleasant. A method that works well to overcome this is to just take the first step, with no intention of completing the task yet. What this does is plant a seed in your mind. It cannot help but take root and flourish.

On procrastination: when you have so many tasks to complete you don't know where to start, take each task and complete one simple, quick aspect; then move onto the next task and do the same. Your sub-conscious mind will become active and compel you back to each task until you finish them all.

#494

#497 | Procrastination is fundamentally some combination of laziness, pain and fear. We put things off because of the effort required, the price we have to pay to do them, or because we are fearful of an unsuccessful outcome. The sooner we face our denials of the real reasons, the sooner we can get to them.

Lists

Many people keep lists to prioritize their day and get things done. Make sure you tick or cross-off a task once it's completed, so you enjoy the sense of satisfaction of a job that's finished. Don't start a new list until all items are completed. And don't put any more than six items on a list at a time.

#369

Managing Stress

#372 | Trying to find a balance between avoiding stress and keeping a close eye on things is tough for all business owners. Athletes and entertainers prepare for their performance and take time to wind down after. Try and use your travelling time to arrive at work composed then tune out before you reach home.

Stress is inherent to running a business. Owners are under constant stress to generate revenue, maintain cash flow, please customers and take care of staff. How owners handle stress is a big part of the success of the business. It is important to address stress as a reality and how you deal with it.

#451

#441

For many business owners, life can be a roller coaster between severe stress and periods of boredom/despair as business ebbs and flows. This is not a healthy response. Instead, view the quiet periods as a respite: take rest and enjoy them. When things are hectic, make sure you thrive on the challenges.

It is important to have control of your business but not to the extent that it causes you undue stress when you worry about things that you shouldn't be. The classic example that all SME owners can be prone to is not trusting sufficiently and delegating to others, particularly for more junior tasks.

#449

Mornings Or Evenings?

#379

Know when your right brain (creative, ideas, images) and left brain (detail, facts, logic) are activated. Whether you are a morning or evening person is a sign of when your right brain is active. Structure your day to best synchronize with your brain activity and do things when you're most in tune.

A Tidy Desk

A messy desk or work area is depressing; you feel as though things are piling up and you're not advancing. A clean desk has the opposite effect. You're on top of things. The same applies with your emails. Don't let your inbox fill up – keep it clean. Create a “follow up” folder and move items there to be reviewed daily.

#394

#401

Having lots of paper on your desk and uncleared emails in your inbox causes clutter and will distract you. To be most effective and optimize your priorities, you should immediately deal with or file every item. Keep a clear desk and inbox and diarize things to do for when they are due.

Everyone Needs Space

Trying to fit a solid 8,9, or 10 hours work within only 8, 9 or 10 hours – every day – is daunting. You need space – maybe an extra 25% of time - around all of your tasks and activities to keep your head clear and mind sharp; to be at your most effective and efficient and manage your stress and priorities.

#397

Time Smart

#413

People say they are too busy and don't have enough time. Everyone has the same amount of time. The difference with some people is they leverage their time better than others i.e they get more out of every second by being conscious of how they use their time and making smarter choices with it.

Morning Peace

Ever notice when you have an early plane to catch in the dark, how peaceful the morning is, there's no traffic and you feel like you have a jump start on everyone else? It's almost, well, exciting! Why don't you consider having that feeling every day? Start an hour earlier and get ahead of the pack.

#400**#435**

It is said that to get ahead of the competition, among other things you need to be different, and you need to do things outside your comfort zone. Most people don't like getting up in the morning when it's either dark or cold. Now there's a simple way to put you in front on both counts.

How's The Serenity?

Most businesses experience periods of intense activity contrasted by lulls. Take advantage of the odd lulls. Go out for a coffee or a walk, enjoy the "serenity", at least temporarily. Before you know it the lull will be over and you will be hit with the next wave of activity; and time to fire up again!

#423

Managing Energy Levels

#427

It is important you keep your energy levels consistent during the day, particularly in the afternoon. It is worth trying to eat regularly in small amounts, enabling you to metabolize food quickly and convert it to energy. Graze on healthy snacks like fruit and nuts but don't overload your stomach at any time.

15 Minutes For Fame

Prepare for meetings and allow enough time – do not go back to back. Being punctual for meetings is not about arriving on the dot. Any number of events can waylay you. So plan to arrive at least 15 min early and wait calmly. You will be better prepared, relaxed, and not stressing about arriving late.

#426

Implementing Knowledge

#333

When you learn something new, for instance if you attend a seminar and gain some new insight, have a system that enables you to record and store the information when you get back to the office, so you don't waste it. For even more benefit, add a process that implements what you've learned.

One Of Those Days

We all have work days when everything seems to go our way. Then there are the days when everything goes wrong. And there are the in-between days where you take the good with the bad or not much happens. They all even out in the long run; just remember that when you're having one of those bad days.

#340

Short, Medium & Long Term Thinking

#459

As a business owner, the focus of your time should be allocated to three areas: today, the immediate weeks ahead, and the long term. Your experience and the level of your support staff will determine the proportion you personally give to each. But you really need three eyes – one on each!

OUTSOURCING

Engaging Experts

Your business is unique and provides excellent service. So do other businesses. Use outsourcing to engage experts, leaving you to concentrate on what you do best.

#17

Flexibility

#214

A cost saving is good almost any time, so long as you can still deliver the results. If that is a concern, what are the options? Keeping extra staff means you will need to drive sales to get full value from them; sometimes you will accept low-margin work. Are there good contractors you can use instead?

The corollary to using contractors is that while you can keep control of costs, you may lose an element of control of quality. Everyone does things their own way. It is vital for your business to maintain consistency and uniformity of the content of your product or service, as well as ensuring a minimum, identifiable quality standard.

#121

Mythbuster

#18 It's a myth that it will cost you more to outsource, than to have a service in-house. You think you're paying for someone else's profit, but when they provide a service as their livelihood, they will run it far more efficiently than you can internally. That is why the private sector is always more efficient in services than government.

Staff are fixed costs that are known and controllable. Contractors are variable costs that provide flexibility, but you know you are paying more per unit. Hence you are giving away more of the profit to a contractor. So look to find a balance where you use contractors to reach a certain level of sales that you are confident you can maintain, then switch to employees so that you can reap the profits.

#202

BUDGETING

How Do You Budget?

How do you set your sales budgets? Last year's plus a percentage? Do you go through your products line by line and forecast each one? Do you look at every customer and estimate their expected value? Do you set easy targets, so everyone is seen to be doing well? The budget should be what you justifiably expect to sell.

#66

Striking The Balance

#67 | Setting an unrealistic sales budget has many knock-on effects. It can deflate morale if it's too high; it can hold back growth if it's too low. It also impacts on your decisions about buying stock and levels of staff, and therefore cash. You will be over-committed if your target is unrealistically high. It pays to focus on being accurate.

Flexible Budgets

When budgeting, try to use flexible budgets. That is, have a best case, average, and worst case budget e.g. if the economy turns down or you lose a major client. What are the financial implications of the worst case? What strategies will you need if this eventuates? How do you conduct day to day business so that you will be flexible and adept enough to move either way, depending on what happens?

#174

Monitor Your Assumptions

#292 | In creating a budget, you have set a number of assumptions. Once the new financial year starts, the game is afoot. During each quarter of the game, you need to assess the validity of your assumptions and the budget context. You then need to react and adjust to the live circumstances of the score in the game.

What Price?

What price should you charge for your work? Should the profit margin vary between customers? One approach is to have constant margins. Another is to charge according to the value perceived by the buyer. To remain competitive in the long term, you must provide value, and increase your efficiency to raise margins.

#349

Infrastructure Costs

#342 Does the cost of your infrastructure match your revenue base? If not, you may not be able to support the operating costs, sustain periods of poor trading, or provide a healthy return on investment. The solutions are to reduce the infrastructure, or increase the revenue base, perhaps by acquisition.

Carrying The Cost

Many businesses have cash flow stress while creating hidden hollow logs. Service businesses can often take weeks or months to complete a job and then invoice it on completion; carrying thousands of dollars of work in progress. Invoicing progressively exposes and taps into the hollow logs.

#356

Stock Turns

#357 What is the correct rate of stock turn for your business? Subject to production/delivery constraints, why should any business carry any item for more than 18-20 days? How much marketing is required to generate sales that turn stock 18-20 times per year, and what level of sales would that provide?

CHAPTER 6



BUSINESS

Technology



E-Newsletters

- #14** | If you like this newsletter, why not set up your own? With emails, there's no printing or posting, and it's free. Find an interesting way to let people know what your business does that is special. It will be forwarded on where you'd least expect it.

Productivity

With today's technology, you can do ten times more business with one-tenth of the cost and resources as you would have twenty years ago. So can your competitors.

#45

- #320** | Technology can be a great tool for raising productivity. But there are some fundamentals to get right; obviously equipment and software. Also, make sure the right people are using it, for they will have the competence and passion to maximize the capacity and potential of the technology.

Future Trends

The rate of technological change in the world is getting faster. This goes for business too. Keep your eyes on what developments are coming onto the market, even when they do not appear to be relevant to your industry.

#46

- #194** | Future trends in technology and education are leading western economies to a situation where menial labour tasks will either be replaced by machinery and computers, or outsourced to developing countries. Staff will present themselves for hire purely on their personal intellectual property.

Don't wait for the future. Get in now and eliminate drudge tasks, make the workplace fun and only hire people with outstanding skills. Chase high end work that provides value and earns a superior margin. Even look to contract with highly skilled senior people for high end work.

#195

#236

Technology is eliminating menial labour in modern economies. Employees will be hired on their knowledge and skills. You should eliminate drudge tasks and pursue staff with superior skills for knowledge tasks, including older people. Use them to offer high end/value added services at a significant margin.

What will be the new game-changing technology to follow the internet? Will the combining of GPS, robotics and digital computers make unmanned vehicles ubiquitous? We already have flying drones, and Google is piloting its driverless car. These inventions could revolutionise business, and the world.

#476

Paperless Office

#47

Years ago we heard of the paperless office, only to see our paper usage go up with the expansion of computer reports. However, it can now be a reality if you want it, with emails, laptops, websites, scanning of documents and lots of cheap disk storage capacity. How much are you paying in office space just to store files?

If you have not yet seriously considered how you can achieve a near-paperless business, then now is the time. With the technology available in emails, servers, scanners, disk storage and off-site backups, there is no excuse to still be employing twentieth century, paper driven processes.

#216

#350

The paperless office offers potential to save on overheads – paper, printing, filing and storage costs. But did you know that there is evidence that it can also increase efficiency and productivity by up to 30%. If your office is not moving towards being paperless, what are you waiting for?

Mobile Office

#48

How mobile is your office? For small businesses, all of the resources exist to run your office from your home or motor vehicle. You can employ contractors who do the same. This keeps your costs down and makes your business agile and flexible.

Computers

In particular with IT systems, document all changes as and when they are made, so that there is a record of the system architecture and any changes to it, in case you change IT support.

#228

#337

Business software in the 21st century is moving away from just sitting on your office server. Increasingly, you can rent software online – called “in the cloud” - and never have to worry about having the latest version, backups, storage space, and upgrades. You only pay for what you use, with access from anywhere in the world.

Make sure your business is making use of all of the latest technology that is pertinent to it, including what may appear to be non-business tools, like i-pads.

Extend this to software and applications. Figure out how you can use them all to become more efficient and effective. Don't wait to follow others.

#353

Threats And Opportunities

- #472** | Technology and/or the internet are killing many industries and spawning new ones. Every business is potentially under threat of a revolution. New online entrants will compete without any baggage or setup costs. They will try to cherry pick with services at much lower prices than you. Be ready for them.

Working From Home

Consider the possibility of having a number of staff work from home. If all they do all day is sit in front of a computer screen and telephone, why do they need to be in the office? Maybe they can come in a couple of times a week for meetings instead. They will save travel time and cost, and you can reduce your office space overhead.

#52

- #387** | What is the medium term future for your business operations given the advent of tablet computers, smart phones, cloud software and the like? For example, do you need the same amount of real estate as you once did, or can your employees work more from home and share resources?

CHAPTER 7



Exiting THE BUSINESS

Exit Strategy

- #103** | Every business owner must have an exit strategy, even if it is becoming a passive owner and appointing a manager. If the business is not saleable or relies entirely on your day to day involvement, you cannot realise its potential value. You own a job, not a business. The ideal exit strategy can take years to engineer, so start now.

Competitive Buyers

- You always have options, even when you're only just keeping your head above water. Your sales and customer base could be worth a lot to a competitor who already has the capacity to service them and expand its business. There may even be a place for you in its organisation.
- #21**

Liquidation Sale

- #229** | Liquidators only save functional activities of a defunct business, if there are any, and close or sell off all dysfunctional and unprofitable ones. You should do the same on an ongoing basis to ensure the liquidator never appears at your door.

Everyone Has A Price

- Be prepared for "the offer you can't refuse". When that knock comes on your door, will you be a seller? At what price? What percentage of the business would you sell? If not 100%, what synergies would a new partner bring to the business? What does your family think?
- #293**

Be Price Objective

#398 It is important to manage the expectations of an unrealistic seller of a business. You should initially agree to their price subject to independent verification of the assets you are buying. Any bad news should come from objective sources such as valuers and auditors, so you are not the bad guy.

Management Buy Out

Staff are potential purchasers in your business succession planning. To facilitate this, you need to develop a model to attract, retain and convert current and/or future staff into owners of your business. This goes to selection, performance measures, incentives and financing buy-in options.

#405

6 Commercial Property Tips

#464 **For commercial property investors:** a series of tips and principles to follow –

Principle #1: The investment is only as good as the tenant's business – so do due diligence on the tenant. Establish the market rent for warehouse component vs. office component – this is critical to the store of knowledge you need to build.

Commercial Property Investors Principle #2

Focus on one geographic area so that you can build a store of knowledge about prices that are comparable. Each area is different. If you can't get enough information, choose another area. Research properties up for sale. What is the current rent, dissected between office-space vs. warehouse?

#465

#466

Commercial Property Investors Principle #3:

Most leases will have the tenant paying all the outgoings. That means the gross rent is the same as the net rent. Sale prices are usually a factor of the rent yield. For example, if the market rent return is 10% p.a., the property should sell for 10 times the rent. Returns can be higher, but then so is the risk.

Commercial Property Investors Principle #4:

#467

Avoid the new ones. These are the ones the agent wants to sell to novice buyers (sorry agents). They look nice and new so you feel you ought to pay more and the agents get more commission. But there is no tenancy history. Look at the immediately surrounding properties and determine vacancy levels.

#468

Commercial Property Investors Principle #5:

Target properties for sale that are tenanted. How long is the lease and how long has the lease to run? How long has the tenant been there? What industry are they in (i.e. is the site purpose built or designed)? How long have they been in business? What price did it last sell for and when?

Commercial Property Investors Principle #6:

#469

If you run a business and you have the opportunity to buy the commercial space out of which to operate it, eventually either the business will dictate the property investment or vice-versa. It is better for a business to be flexible and rent; then invest separately.

Law Of Diminishing Returns

#484 | If your succession plan is to keep working and hold out for as long as you can before you sell your business, beware of the Law of Diminishing Returns: everyone slows up with age and most cannot maintain their historic performance levels. If you wait too long, you will have less of a business to sell.

True Value

Do you know what your business is worth (not what you think it is worth)? Do you know how much cash you need to retire on? If you could sell, could you live on the capital? It can take 3-5 years to prepare a business for sale. Do you know what you must do for your business is to be saleable?

#431

THE LITTLE OF 500 BUSINESS TIPS

The ideas have come from conversations with clients, colleagues, business associates, friends and actual business events over the past few decades. My purpose is to capture an idea or thought that is as close to a truism as I can find.

I trust that you will enjoy this compilation of my Business Tips, and that you can apply many of the ideas to your business and work life. You may not agree with everything I've written, but at the very least it is my desire that it should challenge your thinking. And I hope you will look forward to the weekly additions that are made as we progress towards 1,001 Business Tips.

Peter Perivolaris



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