

Business Essential Briefs

How to Manage Effectively Through Business Peaks and Troughs

- Know when your business is likely to grow and slow. Regularly analyse sales data and customer flows over different periods to understand when these peaks and troughs occur.
- Be flexible with your staffing arrangements. When you've identified customer flows, you can match staff numbers and skills to those predictions. Make sure your employees are qualified for their role and properly trained in the service standards you expect.
- Use cash-flow forecasts to ensure you have adequate cash buffers and available funding to cover business operations through non-peak periods. This funding should include fixed commitments, such as rent and loan repayments.
- Have working capital funding facilities in place, such as a line of credit or an overdraft, which you can access to help fund your business when you need it.
- Carry the right amount of stock. Excess stock comes at a cost to your business: insurance, storage and spoilage are all impacted when you have surplus stock. Consider negotiating with suppliers so they deliver stock when you need it. You could also reduce the minimum volume of stock you have before replenishing.
- Consider reducing excess capacity in off-peak periods by changing staff rosters, selling excess assets, outsourcing non-core activities, using short-term leasing or sub-leasing out assets or premises.
- Consider charging a premium during peak periods or early in a product's lifecycle. Outside those times, your pricing strategy could include bundling products or services or reducing prices.
- Look for opportunities to expand your business in line with your strategic direction and with proper funding. Mitigate the fluctuations in your income by expanding into areas less impacted by peaks and troughs. Expansion plans could include new locations or increasing products and service offerings to include those less impacted by fluctuations.
- Take a holiday. In spite of your best efforts, you may lose money staying open in slow periods. If you do close for a holiday, you might consider leasing or sub-leasing your premises or assets to another business.

A business should adopt a sound strategic planning process that can assist with all of the above matters – and much more too.

Strategic planning is done to:-

- set priorities
- focus energy and resources
- strengthen operations
- ensure employees and other stakeholders are working toward common goals
- establish agreement around intended outcomes/results
- assess and adjust the organisation's direction in response to a changing environment

Effective and on-going strategic planning will determine what business success looks like and what needs to be done to achieve it. It also informs and shapes how the business owners and employees react to opportunities and challenges.

Tips for improving strategic planning

1. Identify long-term objectives.
2. Recognise capabilities and resources needed to achieve these objectives (or identified gaps).
3. Document activities required to achieve these objectives and set specific time frames. Note that objectives need to be:
 - clear, concise and achievable.
 - focusing on the key drivers of the business.
 - regularly monitored and measured.

Cyber Security & SME Business

Cyber criminals are nothing if not adaptable. So, it's no surprise they adjusted to the 'new normal' of digital transformation and widespread remote working. And the relative anonymity of cryptocurrency payments has made cyber criminals bold. The Australian Cyber Security Centre (ACSC) found that during the 2020-2021 financial year, malicious players launched 13% more cyber-attacks on Australian businesses.

This resulted in Australian businesses collectively losing \$33 billion in 2020/21.

Small-to-medium businesses, which don't have the IT resources of the big players, have long been extra vulnerable. Working from home means a lot more business emails and texts flying around. These messages are often sent from or to poorly secured personal devices. That's seen fraudsters double down on phishing in general and 'business email compromise' (BEC) scams in particular.

A BEC scam is when criminals masquerade as, say, a business supplier. They then convince someone to, for instance, pay a fake invoice. There are other cyber threats, such as ransomware attacks, firms also need to defend against. BEC and ransomware are where malicious actors seem to be currently concentrating their efforts.

It's not only the financial losses that can be devastating. In most APAC countries, businesses must now report cyber-attacks to the relevant authorities. And then notify their customers their data may have been compromised. Cyber-attacks can cause serious reputational damage as well as having potential legal consequences. This is mostly when relevant data protection and privacy laws have not been followed.

What to do? Even the smallest business can buttress their cyber defences by:-

- disallowing the use of easy-to-guess passwords
- insisting on multi-factor authentication
- using a Virtual Private Network (VPN)
- using privacy and security settings on your company and personal social media.

Make sure you stay aware of new threats by regularly checking www.cyber.gov.au

Improving Business Productivity & Efficiency

For operational efficiency, you need to balance and maintain a good relationship among people, processes and technology. "People" perform specific tasks for an organisation using processes. Often technology is used to streamline and improve these processes, making it possible for people to do more innovative work at a faster pace.

Therefore, focus on your people first and processes second to ensure you have the appropriate resources in place before implementing technology.

People

You could say that the people in the organisation are the most important of the three. Without them, nothing can happen. Having people with the right experience, skills, qualifications and attitude is necessary to realise business growth. Equally important is creating a working environment with the right culture. Truly engaged employees will play a significant part in the overall success of your business.

Therefore, employing and retaining employees who contribute to increased productivity should be a high priority. This can be easier where the business has a clear vision and goals, and a culture based on trust, teamwork, effective communication and shared goals. Regular team and one-on-one meetings, employee surveys and feedback, and team building events are some ways to improve communication and feedback. Reward and recognition, be it in monetary form, a promotion, or some additional time off to encourage employees to meet and exceed targets may also encourage positive contributions.

Tips for Improving Employee Performance

- Source employees with the skills and competencies your business requires.
- Ensure they understand and are aligned with the business' strategic direction and goals.
- Delegate responsibilities to qualified employees, and trust that they will do the task well. This gives them the opportunity to gain new skills and leadership experience.
- Know their skill sets and behavioural styles and match tasks accordingly.
- Communicate goals, performance and plans effectively. Sometimes, having a quick meeting or phone call can save time taken on back-and forth emails.
- Set clear and focused goals to keep employees focused and efficient. If a goal is not clearly defined or is not achievable, it will reduce productivity. So, make sure your goals are "SMART", specific, measurable, attainable, realistic and timely.
- Incentivise employees by recognising when they perform well and encourage them to continue increasing their productivity. When deciding on incentives, consider what their individual needs or preferences are. One employee might appreciate public recognition, while others may appreciate some additional time off or a simple gesture, such as taking them out for a meal. And everyone appreciates monetary rewards.
- Invest in staff training and encourage continued development. Individual coaching, workshops, courses, seminars or mentoring – or even increasing responsibilities – are several ways in which you could support staff development.
- Give and receive feedback. Measure your employees' performance and have one-on-one meetings to let them know where they are excelling and what areas need to be worked on. Asking for feedback should give you clear and immediate ways you can help them improve.
- Consider flexible working arrangements. Allowing employees to work from home at times will allow them to save time commuting.

Business Risk Management Report

A 2021 survey and report by Accenture titled "Global Risk Management Study" provided some very useful risk management information for all businesses – large or small.

The key findings from that study are detailed below:-

- 77 percent of risk leaders believe that complex, interconnected risks are emerging at a more rapid pace than ever before. In parallel, operational and financial risks rose up the agenda most significantly in the past 12 months (see Section 1).
- Despite its growing importance, risk teams trail behind the rest of the business when it comes to deploying new technology: just 46 percent use cloud technology to process and derive value from data, which is less than teams in the wider business (57 percent) (see Section 2).
- Businesses have accelerated digital-transformation plans in response to COVID-19 and broader business challenges, but risk teams lack confidence in assessing risks associated with the technology that underpins them. Only 49 percent say they are "fully capable" of assessing risks associated with their businesses' adoption of cloud. Even fewer believe they are fully capable of assessing the risks of artificial intelligence (AI) (34 percent), Blockchain (32 percent) and robotic process automation (RPA) (28 percent) (see Section 3).
- Despite the health and economic challenges of the past 18 months, fewer than a third of risk leaders are "very satisfied" with their progress in bolstering operational resilience in the past two years. Furthermore, fewer than half took vital steps to fortify stress testing, such as expanding the range of scenarios covered or involving more stakeholders (see Section 4).
- Eight in ten risk leaders say their teams now spend significantly more time on value-adding activities such as product advisory or evaluating new business models, compared with two years ago. That said the same proportion struggle to balance this with traditional duties such as reporting.

If you would like to access a full copy of the study, please click on the link [HERE](#).

Adopting a Performance Based Culture



A performance-based culture is an organisational culture built on a set of universally accepted behaviours and norms that are encouraged by leaders and facilitated by optimal tools and processes.

A very close relation of a wider 'company culture', this particular concept focuses on making sure teams are enabled to be highly effective in their roles.

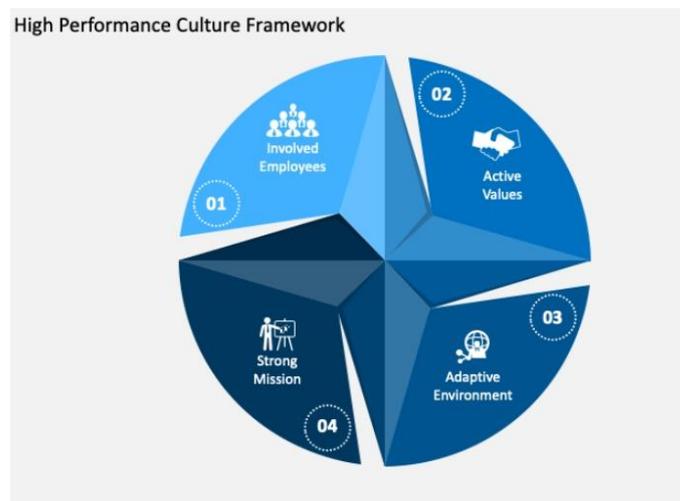
A positive performance-based culture helps achieve business goals and creates value. When it's done right, it becomes a huge asset because while so much in business can be copied, a winning culture based on performance is harder to replicate and can be your all-important differential.

To create a high-performance culture, leaders need to display the following leadership behaviours:

- **Developing and communicating a clear and inspiring vision;**
- **Continuously challenging team members to remain focused and execute efficiently;**
- **Provide support to achieve performance goals.**

A positive performance-based culture focuses on making sure people are as effective as possible in their roles.

The benefits of actively implementing, promoting and maintaining such a culture are numerous for organisations of all sizes; it makes management accountable, encourages employees to arrive each day highly-motivated, and provides transparency on both sides.



For a good summary document on implementing a performance culture in your business, please have a read of the Business Insight provided by the Icehouse Group (NZ) - titled "***Performance Based Culture***".

That business insight can be accessed by clicking on the link [HERE](#).

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