

BusinessPlus+ Newsletter



CBSW
TAX & BUSINESS ADVISORS

Level 2, 49 Oxford Close
West Leederville WA 6007
PO Box 1475, West Leederville WA 6901
T: +61 8 9363 7300
E: admin@cbswtax.com.au
W: cbswtax.com.au

INDEX

How Do Owner Operators Create a Sustainable Business?.....	1
Best Practice for Improving Sales.....	5
Business Essential Briefs:-	
(1) Increase Meeting Productivity with Four Simple Tactics.....	8
(2) MYOB Business Snapshot - SME Survey 2022.....	9

Issue – April 2022

How Do Owner Operators Create a Sustainable Business?

Some recent research carried out for *Prospera*, discovered that 49% of SME owners work six or seven days a week on their business, additionally 76% of owners are struggling with one or more areas of business management. Just as crucially, 38% of respondents stated they're missing out on opportunities to grow their business.

Clearly something has gone wrong here. No owner dreams of starting-up an unsustainable and unprofitable business built on the bricks of overwork, skills gaps, and fleeting chances.

Many of these issues above are symptomatic of what happens when owners lose sight of the original big picture. Reminding yourself of your original business, financial and personal goals, and asking what is important to you right now, where are you heading with your business, and how can others help you get there is a start. If you need a nudge, help is out there.

Building a sustainable business to create a workable lifestyle is of course a common goal for business owners seeking to pay themselves properly, and this single factor is a big problem for owner operators in particular. However, if you keep you thinking about getting out of the operational day-to-day activity and start thinking about how you can actually do things today that will make your business both sustainable and more profitable over time.

Pay Yourself What You're Worth

Many business owners do not pay themselves a commercial salary (or equivalents – such as shareholder advances or distributions) from their business. The rest of the cash is left in the business where it acts as a “buffer” to cover against a lull in revenue or unexpected business expenses – effectively funding some or all of the business working capital.

Owner operators rarely have the time and capacity to put a wider lens over the business. Using an external advisor to guide and facilitate you through a strategic review of your business can give owners the tools, support, and accountability to develop the skills they need to drive progress and professionalise the business. You can get to the “heart” or purpose of why you first wanted to operate your own business. It will help you to answer questions like:-

How is my business currently performing?

Am I achieving what I want to achieve and am I on track to achieving those goals?

Profitability is underpinned by business performance and is the essential driver of every business. However, it's not just about making money today, but also securing the ability to grow the business in the future. Therefore, it must be a key focus of business owners and managers. Increasing profitability also boosts your ability to enhance business performance and its value.

Owner Operator Control

The effectiveness of business strategic review starts when the owner realises that they won't get a better result unless they change. This means doing the work, focusing on the stuff that is really important and not letting the business suck you in. It's only then that owners begin to carve out the opportunities that lead to a better life because they have got control of their business and the business is no longer controlling them.

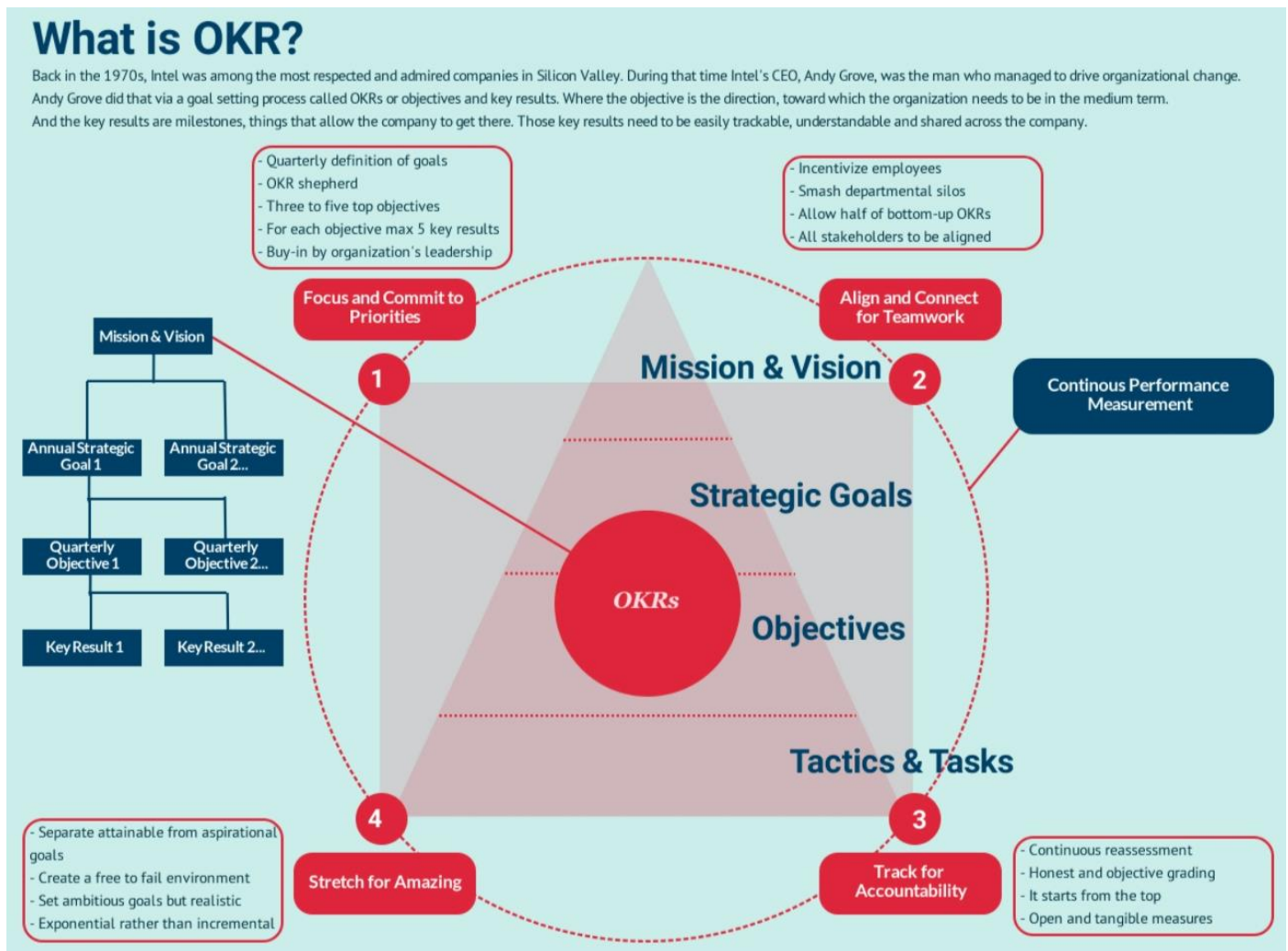
Purpose

Why is defining a 'Purpose' important?

It's the meaning behind 'why' the business exists; keeping everyone focused on the bigger picture and the impact being made as an organisation. If we're to distil down the meaning of a business 'purpose,' it would be - the underlying motivation as to why the business exists in the marketplace. The answer is intended to continually inspire the businesses employees along the journey to achieve what's defined as the aspirational and ideal business.

A purpose usually stems from some or all of the following:-

- A sense of meaning and/or fulfilment;
- A belief in doing things differently, better or perhaps more ethically;
- A passion behind what you do;
- A motivation factor/s – for example, to achieve an overall net return from the business of \$300,000 by the end of year five - for each owner.



Objectives and Key Results (OKRs)

Businesses which effectively implement goal-setting are proven to be:

- more likely to achieve their aspirations (!);
- including key financial goals, such as; growth and profit increases.
- Setting 12 month business objectives can lead the focus and momentum towards achieving the grander 5 year business vision.



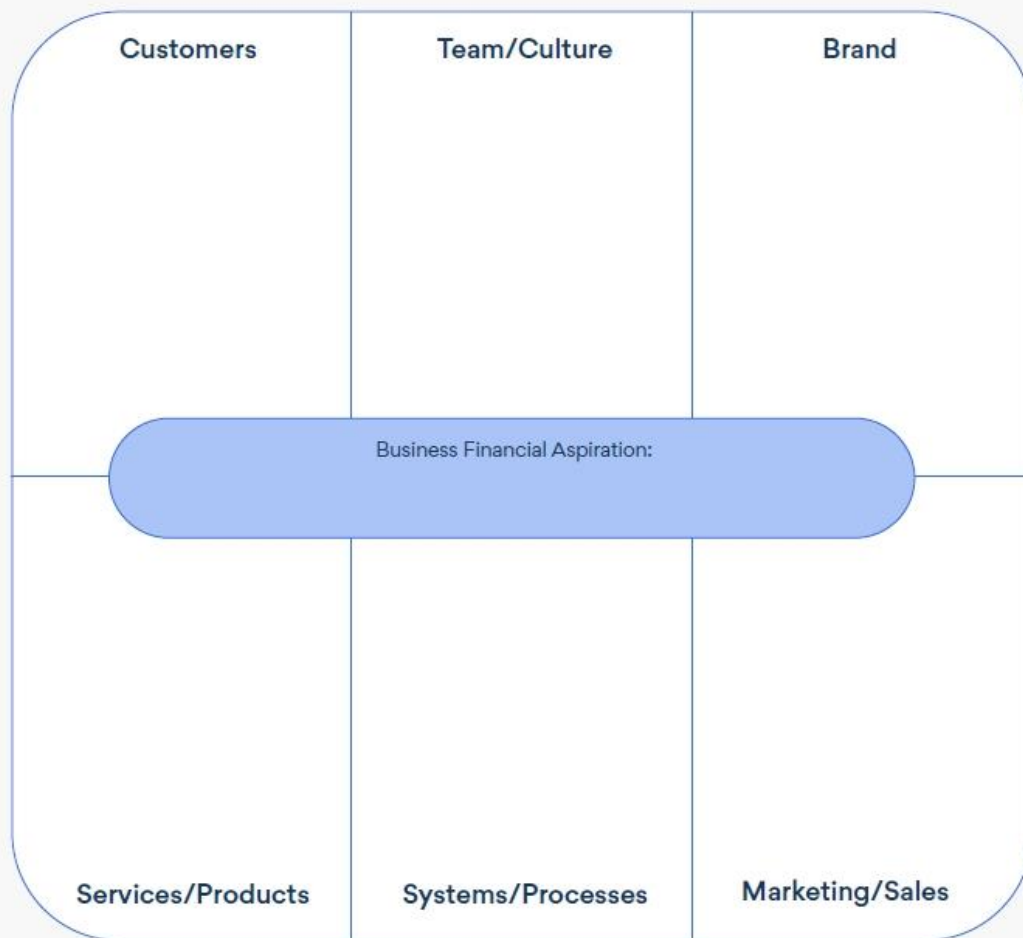
Other benefits of goal-setting, include:

- Facilitates the means to monitor and track progress - all to see what's working and what isn't (and improve efficiency in activity investment, across business departments);
- Increases motivation (and productivity) towards a 12 month target - the team can see what role they play and the contribution they are making to business progress;
- Keeps employees accountable to their day-to-day tasks;
- Helps management create a clear path to longer-term progress (i.e. business vision)

Most businesses set goals/objectives, however very few:

- Make them specific enough (SMART) with a **key result** signifier that essentially makes it easy to identify if the objective has (or has not) been reached.
- Break down the detail of which strategic **activities** to trial, in order make each objective a realistic outcome.
- Allocate responsibility; essentially **who's contributing and held responsible** (departments, teams or key individuals) for making the activities under each objective, happen.
- Link each activity or key result to a measure of success, i.e. **key performance indicators (KPIs)**. KPIs exist to effectively track, measure and evaluate data (qualitative or quantitative) that signifies monthly progress towards each objective.

A reminder of what the business wants to achieve long-term:



Examples:

What is the business trying to achieve over the next 12 months; greater:

Growth

- No. of customers + market share
- Revenue + Profit
- Business value
- No. of leads
- Ave. customer value
- No. of services & product (sku's).
- No. of distribution channels

Impact

- Awards
- NPS score (client experience)
- Extend brand awareness
- Reputation improvement
- Community/social impact
- Fulfill business purpose
- Lower environmental footprint

People Performance

- Team productivity
- Team engagement
- Staff retention rate
- Ave. charge out rate
- New Training
- Marketing ROI

Efficiency

- Operations productivity
- Speed of Systems
- Automate Communications
- Turn around / delivery times
- Quality and speed of customer service response
- Less waste

Business Financial - Objective:

Key Result:

1

Customer - Objective:

Key Result:

2

Brand - Objective:

Key Result:

3

Services/Products - Objective:

Key Result:

4

Systems/Processes - Objective:

Key Result:

5

Team/Culture - Objective:

Key Result:

6

Marketing/Sales - Objective:

Key Result:

Best Practice for Improving Sales

For some businesses their sales pipelines may have stalled over the past two years, while for others they have unprecedented demand, so they are not currently focused on selling more. But there are ways that you can help yourself as a business owner or team leader in this sphere – such as understanding why people buy, how to structure a high-performing sales team, and how to develop your sales processes to get better outcomes.

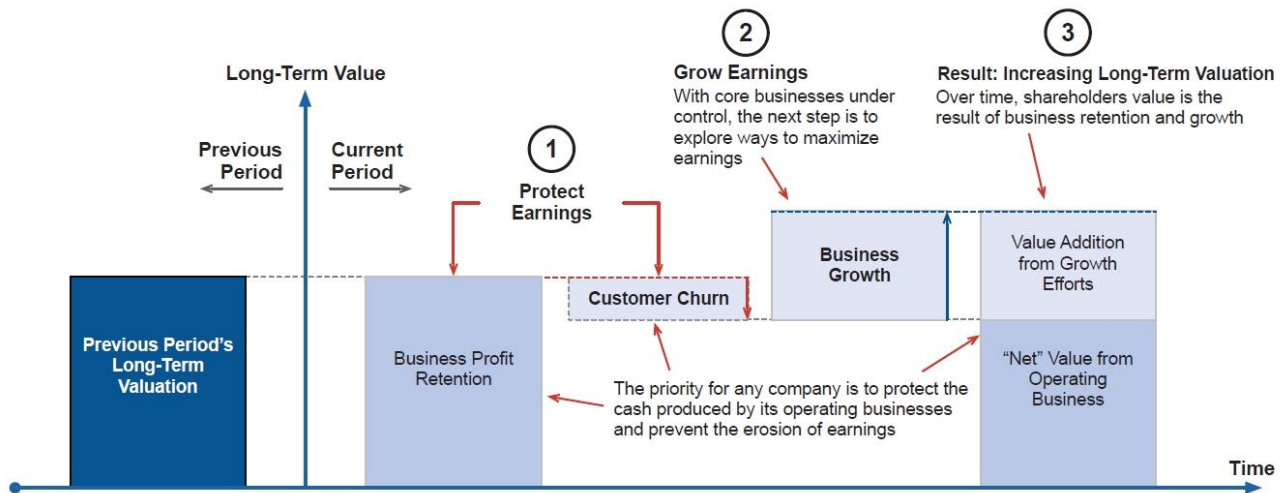
There are some fundamentals which make some salespeople and teams ‘better’ than others.

Businesses can excel and improve sales if they take the time to:-

- Really understand their customers’ needs and their challenges;
- Not overcomplicate the sales process – keeping it simple, seamless and efficient; and
- Have easy customer feedback systems in place that are regularly reviewed, and improvements delivered.

First, you start by tracking down the sources of *new* sales, breaking them down in whatever way you want to present them. In this example we do it as follows:

1. **New products:** Sales of *new* products across all segments.
2. **New markets:** Sales of core products into *new* markets.
3. **Revenue-optimization efforts:** Revenues from initiatives to improve sales, for example new pricing models, memberships or premium access.



Maximizing shareholders' value takes a combination of initiatives to both defend and grow core earnings. That combination is what grows a company's valuation over time

Building Sales Structures

The best salespeople have a laser-focus on knowing who their ideal customers are and they're proactive in nurturing them. They follow up, do what they say they will, and ask questions around adding value to the transaction from the customer's perspective.

One of the biggest inhibitors to growth is the sales team which is stagnant and slavishly following outdated techniques. Businesses must be proactive with their customers and sales opportunities; otherwise, they will be left behind.

A business may have developed a terrific set of products or services but ultimately success hinges on awareness of your offering and persuading customers to make a purchase because of your differentiated capabilities, products and services. In addition, having a clear understanding of:-

- consumer behaviours and why people buy, how to engage and communicate with different personality types;
- learning to differentiate yourself, your company and your offerings in the marketplace in relation to your competitors;
- managing sales pipelines; and
- personalising sales pitches to make an effective impact that builds trust and confidence.

According to Salesforce, 76% of consumers expect companies to understand their needs and expectations. Understanding how your customer behaves is the gold in your organisation. You can use that from the look of your brand and website, how you communicate to customers and so on.

Not All Salespeople Are the Same

Here are some questions for business owners to consider in their business:-

Who is responsible for sales in your business? Are they trained and equipped to succeed? Have you deeply thought about how to structure your sales team to get the best out of them? What are its current strengths and weaknesses?

Not all salespeople are the same, and each will bring different skills to the team based on experience and even personality type.

Take the time to review your sales data. Do you know how many leads you get and what source they come from? Do you know how many quotes you provide or what your sales conversion rate is? Average sales order? What is the average length of your sales cycle?

Learning where your business is under performing in sales will help you devise ways to improve your processes and ultimately grow. Sales-led businesses have good systems, processes, marketing and people to support sales performance. To kick-start your sales momentum, you must choose to do some things and not others. **The best businesses are clear about who they are targeting, and they choose where to focus their efforts and resources.**

Too many businesses are sales reactive – just taking any and all sales orders, whereas with the uncertainty business face now and in the future, requires firms to continuously improve selling processes, target more of the “right customers” and overall - improve gross sales margins – because this usually goes directly to your net profit!

Competitor Analysis

To analyse your competitor’s capabilities, we recommend that you break down and analyse their value chain and try to identify core differences with YOUR own value chain. The process to do this is as follows:

First, you break down their value chain and to the best of your knowledge you find the similarities and differences with respect to your value chain.

Capabilities		R&D	Supply Chain Management	Operations	Sales and Promotion	Customer Service
People	Similar to ours	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■
	Different from ours	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■
Assets	Similar to ours	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■
	Different from ours	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■
Processes	Similar to ours	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■
	Different from ours	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■

Value Chain analysis

Value Chain Analysis

Secondly, you evaluate the existing “asymmetry” between your competitor’s value chains and yours:

What are the things that they are good at, and you are not?

What are the things that you are good at, and they are not?

Can you find some of the things they are good at which we would like to improve on?

Can you find some of the things that you are good at which you could outsource?

Services & Products

The right questions to ask

- How can we better support our customers, so much so - they tell their peers about how great we are?
- Can we improve any of our core products/services?
- Can we finesse any core services/products to be more profitable?
- Is there opportunity for us to expand on our offering - especially to our best customers?

Business Essentials: Increase Meeting Productivity with Four Simple Tactics

So, What Can We Do?

There are a few really simple meeting tactics that will not only save you time but also help you to smash the next meeting out of the park and achieve stratospheric levels of commitment from the team.

Tactic 1: Start with the End in Mind

A company should define where they want to be in the future so they can plan how to get there. The same approach can be used on a daily basis too, and it's the key behind effective, productive meetings.

If you need to have a meeting, first define '*why*'. Write down the '*objective*' of the meeting. Then:

- Distribute an agenda to the team ahead of the meeting (this can just be an email, nothing too verbose). The agenda should include the objective at the top.
- Start the meeting by stating '*The key objective of this meeting is...*'

During the meeting make a concerted effort to keep the conversation focused on achieving the objective. If your meeting starts to stray, acknowledge the point that's being raised and call for it to be discussed '*offline*'.

In defining an objective and keeping the meeting focused on it, you'll have a valuable reference point against which you can pull the meeting back in line if/when the attention starts to drift off-topic.

Tactic 2: Obtain Verbal Commitment

At the end of the meeting ask each and every team member to state their actions and deadlines to the room. Listen to each attendee's actions in full, and then adjust/correct if there's a misunderstanding. It's important that *they* tell *you* their actions (rather than you telling them).

In doing so:-

- You open the door for creativity and allow the team to add value to their understanding of the task(s) in hand. Because you've not directed actions to the team, they can now think more creatively about how to solve the associated challenges.
- You're able to double check that their understanding of the issue/task/action is the same as yours, giving you an opportunity to correct it if it's not right.
- The likelihood of the action being completed has now skyrocketed. Robert Cialdini ("*Influence, New and Expanded: The Psychology of Persuasion*" - July 2021), who literally 'wrote the book' on the art of influence and persuasion, states that people are (up to) 700% more likely to keep to a commitment if they've first said it out loud themselves.

Tactic 3: Obtain Written Commitment

After the team has agreed their actions verbally, ask them to email their actions to you immediately after the meeting.

Robert Cialdini has again found that commitment is further increased if a person writes down and shares what they are going to do before doing it. Furthermore, this saves an hour of your time by not having to write and distribute actions for other meeting attendees.

Tactic 4: Chase

You probably do this already, but it's now time to leverage the value you've obtained from tactics 1-3.

As you have the entire team's actions sitting nicely in your inbox, which have been agreed upon both verbally and on paper, make sure you send a gentle reminder ahead of the deadline date.

Something along the lines of:

'Hey Steve, just checking to see that you're still OK to deliver {x} on Thursday'

You're now chasing a task that an individual **has said that they will complete**, written in their own words. You're not chasing something that you've directed/inflicted upon them. You've set the team up to succeed. They are happy because they now know what is expected and are feeling motivated because they know how to do a great job.

If any of your employees are not on track with their actions, you now have a great reference point from which to start a rational conversation about 'why' it's not on track.

Finally

The great thing is that whilst you'll probably feel uncomfortable (possibly patronising) applying these four tactics on the first couple of occasions, if you're consistent you won't even need to ask by the time meeting number three comes around. Your team will close the meeting for you, without being prompted. You'll have an inbox full of new actions before you even get back to your chair.

If you adopt these 4 tactics, you'll see results after the first meeting. You'll save yourself time, increase morale and, most importantly, your team will get more stuff done.

Business Essentials: MYOB Business Snapshot - SME Survey 2022

Australia's small and medium sized enterprises (SMEs) are 12% more resilient as a direct result of the challenges they have faced in the pandemic, according to MYOB's new SME Success Report.

The SME Success Report, which comprises four years of anonymised data insights from MYOB, captures key resilience indicators in the form of a Resilience Index.

The MYOB Business Resilience Index is made of sub-indices tracking:-

- **balance sheet strength;**
- **gross income (profit) margin;**
- **and invoice payment times.**

These three factors (equally weighted) then provide an overarching business resilience score.

The SME survey data shows that pivoting behaviours adopted during the pandemic have prepared SMEs in better planning for their future growth.

For a copy of the MYOB Business Snapshot report, please click on the link [HERE](#).

Disclaimer:

Business Plus is distributed monthly by CBSW Tax & Business Advisors to provide information of general interest to our clients. The content of this newsletter does not constitute specific advice. Readers are encouraged to consult their CBSW advisor for advice on any specific business matters.

Providing you
professional
direction

