

### How Do Owner Operators Create a Sustainable Business?

**Some recent research carried out for *Prospa*, 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.

## What is OKR?

Back in the 1970s, Intel was among the most respected and admired companies in Silicon Valley. During that time Intel's CEO, Andy Grove, was the man who managed to drive organizational change. Andy Grove did that via a goal setting process called OKRs or objectives and key results. Where the objective is the direction, toward which the organization needs to be in the medium term. And the key results are milestones, things that allow the company to get there. Those key results need to be easily trackable, understandable and shared across the company.



## 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.



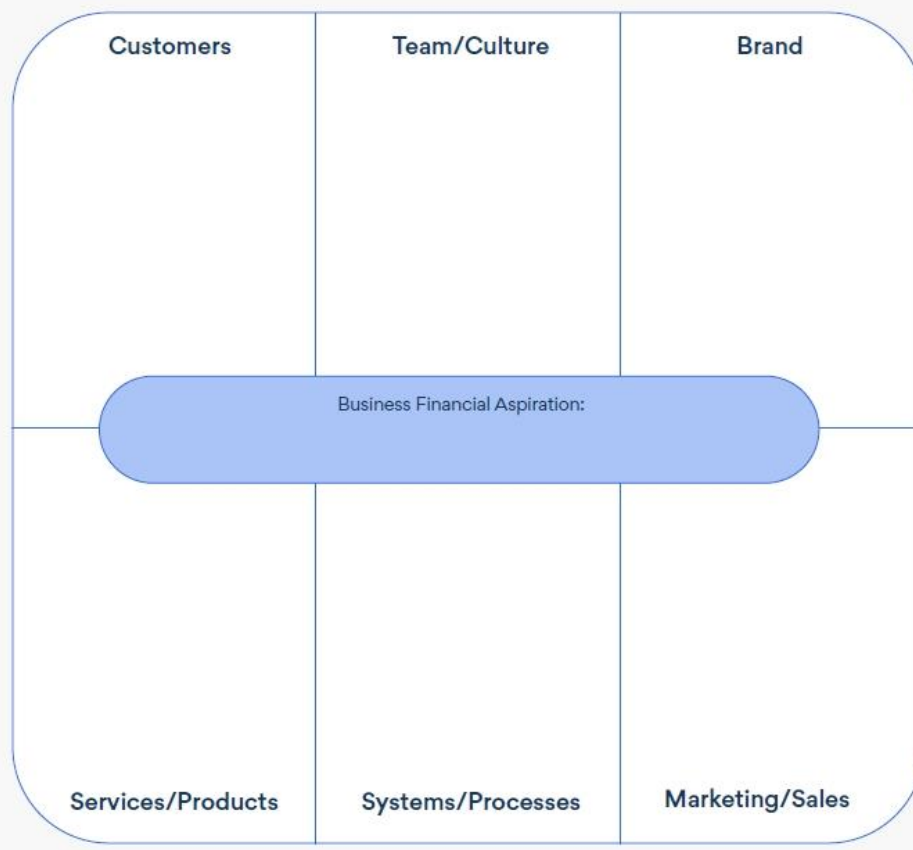
## Other benefits of goal-setting, include:

- 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

What do we want to achieve in the next 12 months?

**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:

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