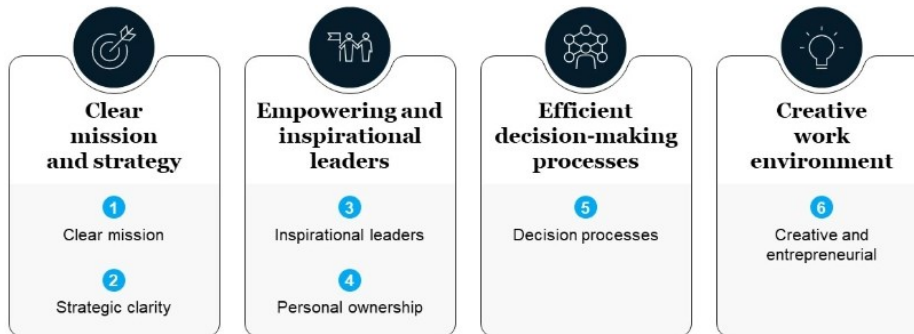


BusinessPlus+ Newsletter

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The Contradictions of Creating a Successful Business



Herein lies the contradiction; business is a fast-paced race that takes years to complete. The rhetoric is contradictory and often confusing. You want success, but you also want to spend time with your family. You crave the financial rewards but want to finish being in your business office at a reasonable hour. You want to scale your business, but you're afraid of the extra demands this will place on you. How do you achieve greatness without sacrificing what's most important to you?

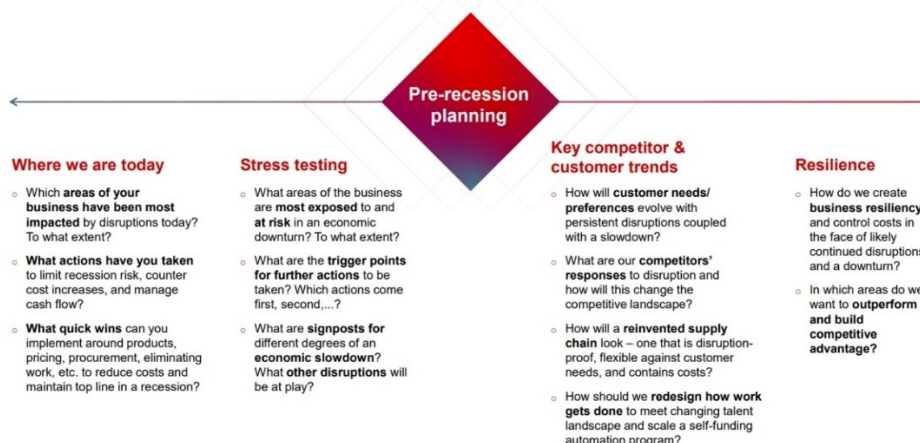
Success lies in only a few fundamental principles, practised regularly. These principles are not difficult to execute, nor are they expensive – but they require focused discipline. **Consistent action leads to consistent results, so if they are followed regularly, anyone can achieve success.**

These 4 principles are:

- Ability to Plan & Execute Well
- Focus on Incremental Gains
- Acceptance of Time
- Cashflow remains King

The Ability to Plan & Execute Well

Robust pre-recession planning helps companies prepare



Often, most business owners are trapped in an infinite vortex, where the day-to-day of their business keeps them far too occupied to make decent (or any) business decisions. That combined with the inability to execute such decisions due to the lack of “time”, prevents the business from growing or simply improving, continuing its current (“stuck”) performance, year after year.

What’s needed to shift the business and create long-lasting change is the process of pausing the day-to-day, to map out what steps are required in each aspect of your business to witness different results.

For example, if your business is struggling with a lack of sales then the following needs to happen.

Dedicate a time when you can sit, undistracted, and construct the steps set out below:

- Create a clear sales process, itemising the steps needed to take a prospect from enquiry to conversion. Clearly map out each step and highlight what is the bottleneck or breakpoint right now.
- Identify ways to remove or rectify the breakpoint by creating a new script/procedure/workflow etc. Find a solution.
- Then, dedicate time to implement the new script/procedure/workflow etc. in your calendar. Label this as a priority.
- Now it’s time to Execute on your revised sales approach plans.

Too many business owners are guilty of completing the first three steps, only to shelve the solution and never see a result. If you want to change, execution is critical. Go to your calendar, prioritise a time to deploy the solution (whether it’s a team training, Sales/CRM software purchase, checklist rollout etc), and follow it through with voracious tenacity.

The best part about the above is you can apply the process to EVERY problem in your business and it’s a sure-fire way to speed up your efficiency.

Focus On Incremental Gains



When you start a marathon, you expect that you will need to take hundreds of steps over a 42km distance. Your focus then is on how quickly and efficiently you can take those steps. This analogy is exactly the expectation business owners should have of reaching success too.

If you focus on incremental gains, however, you create a degree of ‘micro-focus’ where your energy is concentrated on achieving a great result from small changes. When you do this, you get better at making small adjustments much faster and experience a higher degree of satisfaction as you are achieving more “wins” as you progress. Just as you can’t complete a marathon in three steps, you can’t expect significant shifts in your business without continual effort over realistic timeframes.

If you focus on incremental gains consistently, you will not only guarantee progress (which leads to more satisfaction in your business), but your business will change for the better along the way.

Acceptance of Time



Good things take time. This saying causes friction with many of us. But it's true. The success we crave in our business is completely attainable if we give in to the understanding that we'll reach our ideal objectives... in good time.

As an example, a chef often says that one can never tell exactly how long it will take to cook something. Their repeated response – "it'll take as long as it takes". This response could be jarring to the everyday business owner, as there is no definite timeframe on how quickly I will reach the finish line. This can be very frustrating.

Other emotions can also flood your mind such as anxiety, worry, stress, anger, anticipation, and dissatisfaction that "it's taking too long". What's fascinating is that we place this pressure on ourselves, by envisaging a hypothetical timeframe that is longer than expected, therefore creating a separation between our own expectations & reality.

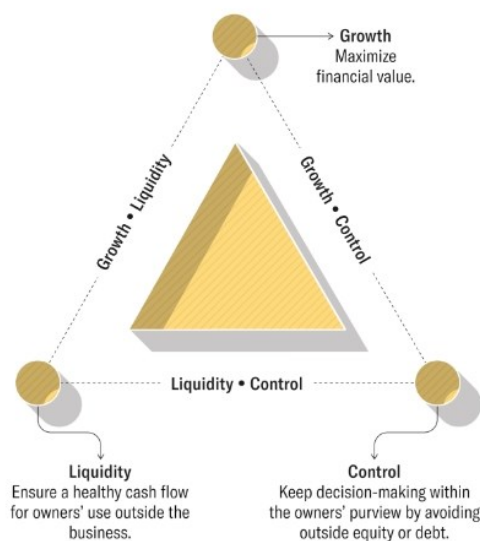
To remedy this, shift your perspective on how you observe time. Instead of looking at what we need to do under the assumption of how long this will take, what if we reframed our perspective and instead applied the premise that: This will take as long as it takes.

Urgency and timeliness are still a consideration however, you need to accept that good things take time. Eliminate the gap (and stress) between your expectation & your reality regarding your business's results and apply the thought above to your next significant movement. Year in year progress towards your ultimate business objectives should really be your goal.

Cashflow Remains King

The Owner Strategy Triangle

Most family businesses choose to prioritize two of the three main goals depicted here to guide their strategy.



Source: BanyanGlobal

HBR

There is a high failure rate of small businesses in Australia in their first three to four years. This is not due to a lack of great ideas, products or hard work. It's simply because they run out of CASH. **This is why Cashflow remains King – having a profit is one thing, but unless it is in the business bank account in a reasonable timeframe, then there is a problem.**

To survive, grow or simply remain sustainable in business, you need to become a master at managing cash flow. In addition, the necessity to build cash reserves or healthy profit account also gives you the ability to reinvest when needed, provides freedom in decision-making, and helps you to sleep better at night. Of all the business goals, this is probably one of the most important. **Build healthy cash flow and set an annual profit target for the business.**

Here's how to do it:

- **Create a cash flow forecast.** Speak to your accountant about helping you to prepare a cashflow forecast. This statement is an estimate of the amount of money you expect to flow in and out of your business over a financial year. It acts as a projection of what you expect to earn, spend & keep. You can then use this to manage your business's financial performance and adjust operations as needed.
- **Keep on top of your invoicing.** Once you have completed the job or work, get that invoice out to your customer! Quite often, the business owner will "get tied up" doing other things and forget to invoice, which inevitably only delays payment and slows down your cash flow.
- **Monitor accounts receivables (debtors) and payables (creditors) weekly.** Review what you owe and what's owed to you weekly, so that you have your finger on the pulse on which payments are outstanding and what your rolling cash balance will be. Review your payment terms, make sure you can promptly identify overdue payments, and have processes in place to follow up with customers immediately. A lot of this can be automated by your accounting software or your bookkeeper.
- **Quote accurately.** One of the biggest reasons why a business is not profitable is due to incorrect quoting. When creating your quote, ensure you include the total cost of labour & super, materials, operating expenses, and allow for a reasonable profit margin too. If you have a resilient and effective quotation process (that is well documented and reviewed at least annually), then providing you execute well, your business should remain profitable on every sales transaction.
- **Reduce operating expenses.** This might seem like a no-brainer, but if you can work to reduce the unnecessary expenses in your business, then that cash is retained as profit. Run an expense audit across your P&L and review what expenses can be eliminated.

Additional Resources

The information reference booklet "*Improving Business Performance*" produced by CPA Australia, can be accessed [HERE](#)

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