



GROW YOUR BUSINESS

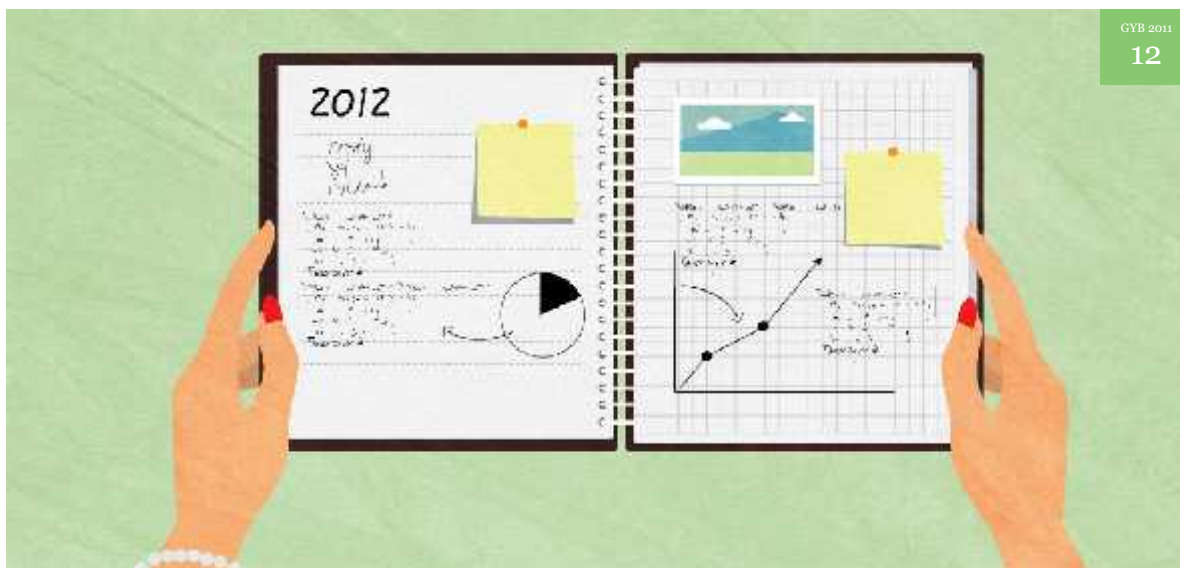
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Draw a Line in the Sand

Often our biggest constraint in business is ourselves. We try to personally take on the expensive tasks that would normally need to be outsourced so that we can preserve our cash resources for other needs within the business.

Although there is certain logic to this, the downside is that it means we have created our own artificial ceiling. We have set a limit on our business' ability to succeed that is significantly less than what could be achieved.

When Stephen Gerber wrote in his bestseller the E-myth about the need to work ON your business he was referring to work of a strategic nature. He was talking about the need and effectiveness of planning and systemisation.

Doing something that is not of a strategic nature or core to your business because it can't readily be done by a team member is a false economy.

A business manager's time would be better employed doing the things that only they can do. Such things as articulating their vision in a strategic plan so that all stakeholders, team

members, and suppliers have a clear understanding of what the business is about and where it is going.

“Businesses who invest their time in effective planning are far more likely to succeed and achieve their targets.”

Research shows that this applies irrespective of how small or large the business is.

This is the perfect time of year for many businesses to start planning for 2012 (if it hasn't been done already). To draw a line in the sand to determine where your business is today, where you would like it to be this time next year and the action plan (or business plan) that guides you through how to implement the necessary changes in order to make it a reality.

Because we believe this is the most significant obstacle that stops

businesses from achieving their goals, we have invested in resources to assist you through this process in a very cost-effective manner. It really is that important to get it right.

HOW TO IMPLEMENT A BUSINESS PLAN

Once you clarify and quantify your goal, then it's time to work on the Business Action Plan.

There are many varieties of action plans, but the basic premise is that you define a goal clearly, determine how to measure success and then create action steps to achieve it. If you haven't set formal goals before, try following the SMART goal-setting format. With this process, goals should meet this definition:

Specific
Measurable
Achievable
Realistic
Timely

Focus on short-term goals that you can attain in the course of a year or less, right now, under current economic conditions.



Don't Be Everything to Everyone

In order to thrive it is not enough to survive but grow. But a growth strategy doesn't necessarily have to be a high risk strategy. Too many business owners embark on an unnecessarily dangerous journey by trying to be everything to everyone.

A highly esteemed business professor at Harvard by the name of Michael Porter expressed the view that there are only two ways a business can gain a competitive advantage.

One way is to differentiate. The other way is by being a low-cost producer. By low-cost, Michael Porter wasn't talking about discounting.

To be a low-cost producer a business needs to be able to source key components of their product or service at a price that their competitors can't match.

This allows the business to maintain a viable margin and therefore be able to compete profitably. Both of these views are in themselves interesting strategies that we will cover in more detail in the future.

However it is interesting to compare these ideas with common methods adopted by a significant number of small businesses.

One errant but all-too-common strategy is to try to be all things to all people.

From a high level this type of strategy does make sense. It's all about creating more customers and a sure fire way of doing that is to create more products and services to encourage them to buy.

“More products and services usually require a higher level of investment.”

This also increases the demands on the business to support and provide knowledge on these additions.

Another downside is that customers may start to see your business as something of a general store rather than a business that has carefully selected what it does and how it does it better than anyone else.

In some cases, the customer will account for this perceived risk (real or not) by devaluing the price of the product and perhaps the value of your brand as well.

There are a number of ways to successfully grow a business. We can help you determine the pathway that will work best for your business.

HOW TO IMPLEMENT A GROWTH STRATEGY

Many companies develop great growth strategies, only to see them destroyed on weak implementation.

There are four main growth options available to any business:

- (1) Increase the share of your existing markets;
- (2) Develop new markets for existing products and services;
- (3) Develop new products and services for your existing markets; and
- (4) Enter new markets with new products and services.



Rewarding Long-Term Customers

Customer loyalty is not to be overlooked - at any time of year - but during the holiday season it is opportune to show a little extra appreciation for those who keep your business alive.

Depending on what research you look at, selling a product or service to an existing customer can be five to eight times more profitable than selling the same product and service to a new customer.

Think about the contribution your long-term customers have made to your business over the period they have been dealing with you. It can be quite considerable. So it makes sense to try to keep your existing customers happy.

Take another look at your marketing priorities and make sure that you have allowed financial and time resources to properly care for your most profitable customers - your long-term ones.

Insert cards or vouchers with their regular purchases or even change the signature panel on your email template to include a holiday message.

Another tip is to forge partnerships with other local businesses, and offer service/product trades as a reward. If you sell paper, join up with an ink supplier and offer cross-business discounts or gifts as a holiday incentive.

“Small incentives will give you a better chance of keeping your customers in the wake of major discounts or offers from competitors.”

With these relationships you can not only improve relationships with your suppliers but also keep your long-term customers happy with something they were not expecting.

Start the New Year by promoting a carefully designed customer rewards system. With our exclusive RAN ONE tools and resources we can help you here.

Offer your dedicated clients an incentive for their loyalty. With the technology available today these systems can be relatively easy to implement. Award points for purchases that can be redeemed at the end of a quarter for discounts or small gifts.

Factor in a small budget for the year that is dedicated towards the program and set aside inventory at the start of the year if necessary.

TAX IMPLICATIONS OF CHRISTMAS GIFTS TO CLIENTS

Christmas is on the way, and many employers will be considering what gifts, if any, they will provide to clients or suppliers.

However, an important issue to consider is the possible FBT and income tax implications of providing 'entertainment' to clients and suppliers.

To further understand these implications, please contact your client manager at Charter Partners on 1800 810 247 or at info@charterpartners.com.au



Protecting Your Business Is In Your Hands

2011 has been a tumultuous year. We have seen plenty of evidence of nature at its worst and the economic decisions made by various parties haven't made for a jubilant time either.

If you haven't done so already we strongly recommend that you take a look at your business and identify the areas of risk.

Which areas, if adversely affected, would have the greatest impact on your ability to conduct your business?

Disasters can be quantified in many terms. Some risks can be covered by insurance while others can be reduced by the manager working ON the business rather than IN it.

Start with the basics and protect your business records and inventory. Make sure electronic sources are backed up and stored safely in an alternate location. Losing documentation is usually detrimental. Stay up to date on your emergency protocols.

There are many resources on the internet that are specifically designed for smaller businesses allowing you to prepare for the worst case scenario.

Research and compile your own contingency plan. The more detailed your contingency plan the better and make sure the information is shared with your team.

“Financial crises, stock market crashes, and natural disasters can negatively affect a business.”

Businesses prosper based on what they do, how they respond to change, how they capitalise on opportunities and how they respond to challenges.

There lies the key difference between businesses that succeed in adversity and those that don't.

HOW TO IDENTIFY POTENTIAL RISKS IN YOUR BUSINESS

The first step in risk management is to look closely at your business and identify potential risks. Until you know the scope of all possible risks, you cannot develop a realistic, cost-effective strategy for dealing with them.

There are many types of risk. The Australian standard defines risk as 'the chance of something happening that will have an impact on objectives'. The types of risk you face will therefore be specific to your business and its' objectives, but will generally relate to the following areas:

- (a) Financial risks;
- (b) Operational and environmental risks;
- (c) Legal risks; and
- (d) Strategic risks.

For any method, always ask these questions:

- When, where, why, and how are risks likely to occur in this business?
- Are the risks internal, external or random?
- Who might be involved or affected if this occurs?

Once you have identified risks, you'll need to analyse their likelihood and consequences, and then come up with options for managing them.



For more information contact your RAN ONE Business Advisor

Charter Partners Accounting + Business Advisors
Phone: 1800 810 247

OFFICE LOCATIONS

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