



Index

Key Performance Indicators Can Help Your Business Succeed	1
Everyone has 1440 Minutes a Day!	1
The Media Can Help.....	2
Referral Systems Can Help.....	2
Customer Service - Have You Reviewed Yours Lately?.....	2
Do You Know The Key Points Of Marketing Yourself?	3
Weekly Performance Reports Can Help	3
Cash Flow Management in Tough Times.....	4
Getting Your Business Ready For Sale	4



Craig Anderson Ltd 270a Queen Street, P O Box 3115, Richmond, 7050 Ph: 544 6179 www.caca.co.nz



Key Performance Indicators Can Help Your Business Succeed

Key Performance Indicators (KPIs) are tools that are used to help people analyse their business' performance on a regular basis.

It would be a good idea for your business to select the key performance indicators that relate to your business (through budgets and previous financial results) and then have the key performance indicators calculated daily, weekly, monthly, quarterly and annually as required. This would enable the actual key performance indicators to be compared back to budget estimates to give management an indication of how the business is performing.

Here are some key performance indicators that would apply to most businesses:

- | | |
|--|--|
| § Gross profit percentage | § Yield % (for a processing business) |
| § Labour to turnover percentage | § Write Off/On % (professional firms) |
| § Key expenses such as rent - to sales expressed as a percentage | § Debtors' days outstanding |
| § Conversion rate (actual sales to prospects entering the store) | § Stock on hand - number of days sales |
| § Average sale | § Stock turnover |
| § Average sale per customer | § Creditors' days outstanding |
| § Sales per square metre | § Shrinkage percentage (retail stores) |
| § Productive time % | § Net profit on sales % |
| | § Individual department sales to total sales |

Let us know if you would like to discuss Key Performance Indicators and how they might help your business.

Everyone Has 1440 Minutes a Day!

Time is one of those things that cannot be expanded, but it can be better managed. Every one of us has 24 hours or 1440 minutes a day. Some business people are better managers of their time than others. Business people need to allocate the number of hours per day that they are prepared to spend at work and then prioritise how they are going to spend that time.





The Media Can Help

Great benefits can be gained from issuing regular media releases or conducting a media conference to announce a new product/service for the business. Surprisingly, there are a lot of business people who do not recognise this.

News is created out of noticeable change, but you have to be able to inform the media about that change. There are significant benefits to a business from front-page headlines on your business or even editorial comments. To achieve this, the media must recognise the aspects of your business that you wish to promote as news. If you ignore the use of the media, then one of the major avenues of promoting

your business is being ignored, and this is hardly good business sense.

Sounds interesting? Call us and we can give you introductions to public relations consultants that can assist you.

Referral Systems Can Help

Have you considered establishing a referral system that will encourage your customers to refer their friends and associates to your business?

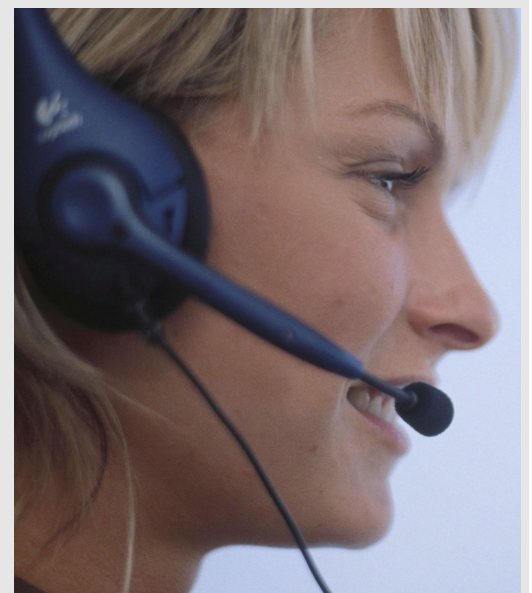
This could include:

- § Developing a database for prospects and customers
- § Using the pareto principal to list your customers and their purchases so that you know the top 20% of your customers
- § Thinking about the extra products and services that you can sell to them
- § Making sure you communicate to your customers and tell them about the products and services that you have developed
- § Appropriately training, motivating and rewarding staff so they won't let you down. It's important that a business be able to produce excellent service in accordance with its system on EVERY occasion that contact is made with a customer, not just occasionally

Customer Service - Have You Reviewed Yours Lately?

Every so often you should stand back from your business and pretend that you are a customer. Try these suggestions:

- § Make a telephone call to your business and judge for yourself how the telephone is answered:
 - ú How are prospective customers' queries handled?
 - ú Are you happy with the way your 'customer enquiry' has been handled?
- § Walk into your business with a group of customers:
 - ú Is the car park clean and tidy?
 - ú What is the entry to the business like?
 - ú Is it welcoming for the customer?
 - ú How do your staff greet customers?
- § Are you happy with the presentation?



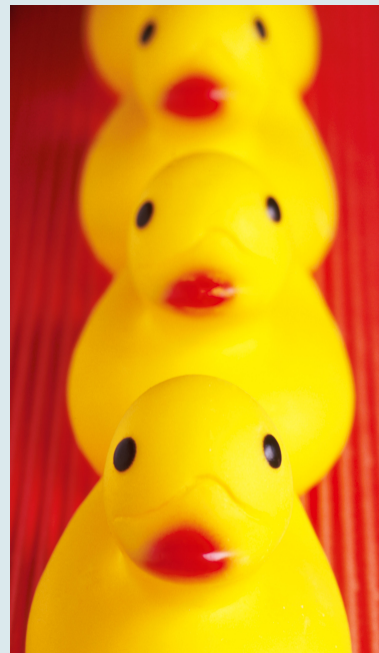
Do You Know The Key Points Of Marketing Yourself?

Have you ever considered your marketability to your customers and prospects? What have you got to offer customers or prospects? How do you present yourself? Do you have exceptional skills and talents?

Consider the following:

- § Can you deliver what you promise?
- § How well have you equipped yourself and your business?
- § Do you know what the potential customer wants?
- § Does your product deliver what the customer wants?
- § Can you determine the customers' 'zone of opportunity' and then aim for it?

To be a successful marketer, you must have enthusiasm and commitment. Successful people develop great enthusiasm for everything they do. How do you present to customers and prospects? Remember, you never get a second chance at creating a great first impression.



Weekly Performance Reports Can Help

Weekly performance reports are prepared so that management can monitor their business' actual performance. These reports should be produced on a weekly basis and for each business unit. This helps to keep management and the business unit team informed as to what is actually happening and also allows monitoring of variable trading conditions, costs or product pricing and how it all affects the bottom line.

Whilst weekly performance estimates will not be 100% accurate, if the estimates are prepared on a methodical basis using as many 'known figures' as possible, the final result should be very close to the actual figures when they are prepared based on the monthly financial accounts.

The real benefit of receiving regular weekly performance reports is that it enables you to immediately investigate any key performance indicators which are not in line with your budget estimates and to instigate remedial action within a few days of the end of the week. If you relied on monthly financial accounts it could be at least 4 or 5 weeks later before remedial action would be taken.

If you would like some help to implement a weekly profitability reporting system for your business, please do not hesitate to contact us.

Unless you have definite, precise, clearly set goals,
you are not going to realize the maximum potential that lies within.
Zig Ziglar

Be sure to read each article with the mindset "How this could apply to our business". Thinking of it that way will guarantee that you get value. Also make copies for each team member. To really make sure something positive happens, work with your business development specialists to talk your team through ideas.

Cash Flow Management in Tough Times

Are your customers delaying their payments to you? Communicate with them and find out what the problem is and whether you can negotiate alternative arrangements regarding payment. Don't sit back and wait, because it might be too late. Keep an ear to the ground for what is happening in the market place and, in particular, how your key customers are trading.

If you are having problems in paying your own bills then communication with your creditors can be very important. If you can show them plans on how you are going to overcome the short term cyclical nature of business, then you will probably be able to negotiate an on-going repayment schedule that will work for your changed cash flow circumstances.

Remember - communication is the key!!

Getting Your Business Ready For Sale

So you are thinking about selling your business...

But are there going to be enough buyers? Is your business going to be attractive enough to obtain the price you think your business is worth?

The key to maximising the value of your business is to properly plan for the sale. This is probably a 3-year campaign! Make sure that everything is in order and, if at all possible, ensure that the business can operate without you. You should be trying to maximise the goodwill value of the business.



Check the systems that are operating within the business. Have they been reviewed? Are they operating appropriately? Do team members understand the systems? If written systems are supported by actual business operations this will significantly enhance the value of the business.

There are a lot of other matters you need to look at to make sure your business is 'Ready For Sale'. You will need to be able to supply prospective buyers enough information for them to reach a business-like decision.

This means that you should prepare a 'Business For Sale' Manual. A checklist will help make sure you have covered all of the facets of your business.

Figures that you supply to the buyer must be able to be verified.

You will need to be able to produce information promptly after it is requested by the prospective buyer including questions like:-

- § Who are your major customers?
- § How many customers make up 80% of your sales?
- § Detailed records on customers showing their purchases over the previous 3 years.
- § Details of your suppliers.

Is your stock able to be realised at normal selling prices or does it contain a lot of old, damaged or deteriorated stock which should be 'scrapped' prior to your trying to sell the business?

We would be happy to help you with any part of this process and, in particular, would recommend conducting a full due diligence review on the systems operating within your business to assist in getting the business ready for sale.

An Important Message

While every effort has been made to provide valuable, useful information in this publication, this firm and any related suppliers or associated companies accept no responsibility or any form of liability from reliance upon or use of its contents. Any suggestions should be considered carefully within your own particular circumstances, as they are intended as general information only.