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## Business Plans - Why Bother?

Why bother with a business plan? If you were going to go on a long trip, wouldn't you need a map? Business plans for business people are like maps for tourists. If you don't have a plan, and you happen to reach your destination, it will be more luck than good judgement!

Business planning is simply identifying where you are now, what your goals are and how you are going to achieve them. The key commitment is writing it down. Planning asks you to look at future developments and consider the services you offer your customers. Get staff and other key people to have their input so that they 'own the ideas'. Planning encourages clear communication within the business. The whole business should be reviewed on at least an annual basis. Fine-tuning and updates should be made every 6 months. One of the key considerations is that undoubtedly one day you will want to sell your business and you will want to get the best possible price for it. A good business plan will promote your business to a third party audience, particularly a potential investor or financier.

Business planning forces you to consider the risks involved in the particular business operation that you are involved in. 'What would happen if...?' is a very good question to pose to your team



on a number of issues so that you can determine appropriate strategies that are then documented to be utilised as that particular event materialises. Various studies have indicated that businesses that develop a written business plan have a greater chance of surviving than those that do not.

Business plans will assist the owner/manager to run the business by incorporating performance benchmarks that have been analysed and agreed to in the business planning process. These can be regularly measured and then action taken to determine reasons for variants from the targeted figure.



**Merry Christmas**  
from the Team at Craig Anderson



## Steps To Ensure Business Survival!

Worried about the recession? We are able to assist with a special Survival In Difficult Times For SMEs Workbook, containing checklists, a complete review of your business operations and development of a summary report containing agreed strategies to ensure the business' survival during these difficult times. If this sounds like it could be helpful to you - let us know - we'd be happy to guide you through this workbook.



### Financial Review

To help your business survive you should examine, in detail, all aspects of the business' operations to ensure that the business will continue to perform throughout economic downturn.

Here are some steps you could consider when reviewing your business:

- § Keep the business' books up-to-date so that management is able to foresee any cashflow difficulties before they happen
- § Prepare monthly financial accounts including calculation of key performance indicators and discuss the accounts and KPIs with managers and team members
- § Brainstorm creative ways to increase revenue and reduce costs, make brainstorming part of your daily routine

Review the accounting and computer systems to ensure that you are able to receive prompt accurate financial and business operational reports.

### Market And Customer Review

- § Review marketing expenditure - Is the expenditure directly targeted to achieving sales in the prevailing market?
- § Review your unique selling proposition - Are you delivering outstanding service to your customers each time you deal with them?
- § Review what is happening in your industry - What market opportunities are emerging from the downturn?
- § Demonstrate a 'can do' attitude to the market. The downturn will not last forever - in some quarters, we're already being told we're in recovery. Can you get increased market share in a downturn?
- § Analyse your market and customers - Can you offer inducements to them to increase the frequency of visits and the value of average sales? Can you attract new customers?

Contact us if you would like more ideas or would like to discuss any of these steps.

## Culture Is Important!

There are many attributes to creating a successful long-term business. No one attribute makes a successful business, but a combination of attributes will significantly contribute to long-term successful business performance.

These include listening to team members, customers and suppliers; learning from their comments and making changes if necessary. Virtually every week something is changing in business. To be successful, you need to keep on top of the ever-changing business climate.



## Culture Is Important! Cont...

Business operators need to encourage loyalty from their team members, suppliers and customers. These people will also expect loyalty from management, directors and owners.

The use of marketing tools such as the following all help management get important feedback on their products / services:

- § Databases on customers
- § Surveying customers on what they like and don't like about your business
- § Keeping webpages up to date
- § Testing the market for reaction to new products and services

Most successful businesses create strategic alliances with other people in their industry, either suppliers, similar businesses in other geographical areas that are not direct competitors, or allied organisations. Strategic alliances can significantly contribute to your knowledge base on what is happening in business.

But all these attributes fade into insignificance if there is no culture within the organisation. Culture affects every aspect of the business, shareholders, directors, management, team members, customers and suppliers. Culture is the hidden success: the icing on the cake, the attitude of team members going that extra distance to satisfy customers' requirements. It's a supplier making an extra late delivery to you when you need those supplies. It's customers who might be prepared to overlook a late delivery because of their overall satisfaction in dealing with your business.

Culture relates to the image that your business creates in the market place:

- § How people communicate
- § Is the telephone answered in a professional business manner?
- § Are telephone calls replied to?
- § Are emails responded to?
- § Are products delivered on time and at the required workmanship?
- § Is quality a major issue in the business?
- § Are staff pleasant and presentable?

Culture then is one of the major attributes of a business that will help hold the business together and will give the business that extra strength and perseverance to battle through and survive harsher economic circumstances.



"When written in Chinese, the word 'crisis' is composed of two characters - one represents danger and the other represents opportunity."

-- John F. Kennedy, 35th President of the United States



## Will Written Systems Help?

Putting your business' systems and procedures into a written manual will give your business a far better chance of being successful. The time and effort it takes to draft a written systems manual will be well worth it because when problems arise, (e.g. a key member of staff is sick), management and staff can refer to the systems manual to get guidance on what should be done in a particular situation.

Your system manuals might include instructions on how to produce key information including:

- § Daily bank balances
- § Sales
- § Number of customers
- § Weekly performance reports
- § Staff productivity
- § Monthly debtors' aged analysis
- § Creditors' aged analysis
- § Cashflow position
- § Departmentalised financial accounts compared to budgets
- § Key performance indicator data for the business



The systems manual might also summarise business records to be maintained including:

- |  |  |
|--|--|
| § Procedures relating to opening an account with suppliers | § Checking of cash register tapes  |
| § Use of purchase orders                                   | § Stock purchases issued/balance on hand records                                     |
| § Checking suppliers' tax invoices against delivery        | § Employee wage records  |
| § Payment of tax invoices                                  | § Capital expenditure  |
| § Cheque preparation                                       | § Research and development expenditure   |
| § Substantiation of expenditure record                     | § Insurance covers   |
| § Bank account operation                                   | § Updating of budgets and cashflow forecasts   |
| § General ledger postings                                  | § Establishment of appropriate control of commerce and internet banking transactions |
| § Checking of cash register tapes                          |  |

As part of the systems review, a periodical review of the filing system being utilised by the business is advisable. Does your filing system produce all the information you require? Does your computer system ensure all business emails are correctly filed and easily located if required in a dispute with a customer or a court case?

We would be happy to conduct a detailed review of your systems including your systems manual, business records and filing systems.

### 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.



**Thank you for your business over the last year**  
**Have a safe and happy holiday season**

