



Surviving the recession and growing your business

Let's start by stating that I am not a business expert; but I have managed to survive and grow my business over thirty years, mainly by trial and a lot of errors. Over that period I have amassed a little bit of business knowledge and this is only a basic overview of my thoughts on business. All businesses are not alike; but certain good business practices apply to all successful ventures and to survive you will have to be aware of and ultimately know how to manipulate certain good business practices or elements.

Record Keeping

It goes without saying that you must keep good accurate records and you should organise these in a way that you can produce a resulting figure from of all your

1. Ongoing costs (overheads) –
2. Stock purchases
3. Sales
4. Enquiries
5. Profits and losses per period

Only then will you be able to compare different trading periods and see where and what you will need to improve.

The Figures

You have to learn to budget and evaluate your incomings and outgoings

You may not be a person that likes doing the figures **but you have to learn to evaluate your figures**. You cannot depend on other people to look after your figures, if you are not happy reading accounts reports etc – simply make lists of money in money out; it not hard, but it's the most important thing you must attend to.

It is more important than doing the actual work because if you are losing money you shouldn't be doing the work. How often you evaluate the figures will depend on the nature of the business? If you have steady contracts that pay you regularly and you have very fixed overheads, you may only need to carry out monthly audits of the figures, but if you have a highly unregulated customer base with lots of different supply requirements I would suggest that weekly or daily audits should be carried out. **We do it all the time.**

All total sum figures should be eventually reduced to be expressed as a simple percentage that way you can clearly see at glance the differences from day to day week to week month to month The cost of supplies and transport are constantly changing and your **proposed percentage profit** can be quickly reduced to a point where you are losing money. The sooner this fact is exposed the sooner you can deal with it.

Don't be put off **percentages are easy** to understand there are lots of simple books that explain them. If you are not too sure about maths? Do not worry the majority of start up business people are not. Get a child's book maths book that explains percentages in clear easy language. The principle is exactly the same as complicated ones. There is no shame in not initially about knowing about percentages. Eventually the shame may be in refusing to know.

Assets

You should make a list of all your business assets .You need to be constantly evaluating your assets and reconsidering where you can possibly change and restructure in order to save money and make better use of them i.e. why buy new vehicles when second hand vehicles can serve you just as well at considerable savings. You may be able to consolidate your floor area in ways that make more sense and save money. You could install a mezzanine floor creating more storage area for the same rent. You could sub let that unused office or storage area.

Growth

If you are not growing; you are losing ground to the other competitors in the market. Every business should be striving to expand. You never know when that rock solid customer is going to disappear or let you down and once you have fallen behind you will have to work twice as hard to catch up. I feel that slow, controlled growth is important. Companies that grow too fast are often the first to fail. If you grow slowly, your mistakes will not be terminal and you will have a chance to reverse bad decisions before they become too damaging.

Make the business flexible

If it is new venture don't sign a long lease. If you have to make a significant capital outlay on new equipment or staff, can that new investment be made to produce or do other than its primary purpose? Can you re use your waste produce? Initially can you buy in product and resell it thereby testing the market before investing.

Diversification and Change

Diversification is not something that you need to be afraid of. The business market and your customers' requirements are constantly changing, expanding and contracting; your business must be flexible enough to be changing to meet those requirements. You will know from your customers what they want and your business should reflect their needs. **Ask them** 'What **more** I can **do or supply** for you? Diversifying and growth go together hand in hand; get one right and the other will follow. Look regularly and closely at your working practices and at what you and your colleagues can do to make procedures more efficient and cost effective.

Be Decisive

I am not advocating a 100% snap decision making process. Questions and decisions will come at you in different sizes and of varying importance. The financial decisions will be the hardest and will take more evaluation and time to consider, but decisions have to be made and the owner/stake holders will generally be called upon to take them. Sometimes a decisive decision (whether its 100% correct or not) is the right decision; you cannot allow the business to stall; you must press on. You can always rethink later; most decisions no matter how wrong will bear some fruit and knowledge that will be useful to know in the future.

If you are contemplating a huge change to your business think about trailing it first – don't buy 10,000 widgets on the off chance – buy smaller amounts (ok you may be required to pay a

premium on a small order) and if that item, product or service is a winner, roll out the big guns. Approx one in four business ideas will fail, so don't be afraid to fail just try to fail small.

Don't be afraid to admit that you are wrong; look at your competitors and consult your colleagues; too many good businesses are driven to failure by the owners' pride and inflexibility. It is rarely too late to reverse a decision. You will have to make hard decisions and the business (without the business all of this is irrelevant) must come first. You must be prepared to do whatever and take whatever decisions are necessary in order to ensure its survival.

Be realistic

Set goals – Sales – Leads – Production Targets – Ideal Profit & Required Profits – **review and change them as required**

Don't believe all you hear, if the profit margin quoted sound brilliant and too good to be true, it probably is. I have lost count of the times and number of reps that have called in on me with reams of sales reports and projected profit margins promising massive, inflated profits for little effort etc. cluttering up the office with catalogues and samples. **Let me tell you right now - it is all utter rubbish.** You will not get anything worth having for nothing.

In order to make a business profitable you have to work at it; nurture it; constantly build it; shape it to match your customers requirements and be open to new ideas.

You must be prepared to throw out all your carefully crafted ideas and methods. If there is a better, quicker, more profitable way of doing it adopt it as soon as possible, because if you don't your competitors will. The only sacred thing in business is honesty everything else is open to change.

Avoid Unnecessary Debt's

It sounds obvious but unnecessary debt is the main reason that businesses fail. If your income suddenly slows or disappears, can you meet the repayments on that flashy showroom, new car or second home or whatever? Car show rooms are full of overpriced 2nd hand cars either returned or reclaimed from failed businesses. Most of the hugely successful business on earth historically were and will continue to be built on interest payments. These are the Banks and Finance houses. You will be lucky to avoid paying interest to some financial institution, but successful businesses are the ones that keep interest payments to the absolute minimum.

Payments

Money Out - Try to pay your debts in accordance with your supplier's terms or if possible better; they will notice good prompt payment and when you need them to pull you out of a mess or get that delivery to you as soon as possible you will be better placed to apply a little bit of extra pressure.

Money In - It can be difficult but always try to get some money up front either as a deposit or full payment. It can be a matter of financial life and death to a company.

Make it easy for your customers to pay you up front by accepting Cash, Cheques, BACS payments, Credit Cards and Debit Cards where ever possible.

Always have your payment terms and general conditions embodied on the invoices and your quotes that way there can be no argument at a later date.

Investment

When you eventually find yourself in the fortunate position of having spare cash

1. Pay of any debts
2. Build a **small** pot of emergency money that is held outside of the company accounts with another **separate** bank. It is always nice to have 6 months wages put to one side in case of emergencies.
3. Look internally to your business. What's the next step in your evolution? Why invest in some ones else's business? Why pay some sharp suited broker or sales man to invest in shares, pensions' or other asset's that will you have no control over? Invest in yourself and the profit's will follow
4. Always try to reward your staff; your success is their success

Only when you can clearly see that you have achieved all the above four options should you consider outside investments

But it is not all doom and gloom, but it is hard work and you will need to enjoy doing it. If you have any queries or ideas on any business matters please email me mark@ukcubicles.co.uk and I will try to respond.

Best regards

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