

FOCUS on what matters

By concentrating on these four key areas, you will set yourself up for success...



There is a lot of information out there on how to run a business, much of which is extremely complicated. If you keep it simple, and spend 70% of your time on the areas below, and 30% of your time on strategic thinking and planning, you will make great strides towards achieving the successful business you have always wanted.

C = CASH FLOW

Cash is more important than profits. A business with poor profits but a strong cash position may very well be able to weather the tough times until more cash can be injected into the business. Cash is the oxygen of your business, but the trick is knowing how to manage it well. Be sure to:

- Pay your trade creditors only on a Friday or Monday; which gives you the week to collect from your customers. Try to only pay your creditors on the second or third Friday or Monday of the month; all businesses try to extend their settlement period and you must do the same.
- Try to get your debtors to pay you 40 days from the invoice date, not the statement date. Don't pay early for a 2.5% discount from a supplier; you need to keep cash in your business longer

until you have a sound build-up of net cash. When you calculate the 2.5% saving most times it is not worth it. However if you have to pay one creditor a large amount, say R325k, 2.5% is a sound saving of cash... or is it? You must do the numbers.

- With Pastel and Quick Books, you or your bookkeeper can print a report called a cash movement report, which shows you where your money has gone/ been paid to and where the money has come from.

C = CUSTOMERS/CLIENTS

Without good paying, profitable clients you do not have a sound business. How are you really looking after your customers? Do you mail them, do you phone them, do you connect with them on LinkedIn and do social selling to them; do you send WhatsApp messages to them? In other words, are you setting the benchmark for your staff to follow? Do you visit clients face-to-face? Do you analyse what they are buying from your business; volumes and profit levels? How many new clients did your business take on last year, and are you seeing growth in your current clients? Do you know which clients to fire? Watch out for issues that distance your clients.

S = STAFF

Yes, you have all heard this before; but I know from being in the business trenches with SME owners that very few employees are happy, motivated, involved and challenged by the businesses they work in. The reason for this is that many managers do not take time out to show their staff that their role is of value. Many managers do not have a basic development plan in place for their staff; they do not on-board new staff correctly, and end up throwing them in the deep end.

You need to encourage your staff and show them how the business operates. You also need to set up feedback sessions for them to provide their input. Yes, you will have some "passenger" staff, but it's your responsibility to kick them out quickly, or turn them into totally committed staff members. What staff rituals do you have? How do you reward their efforts? Be sure to take time out to re-think your approach to your employees as it is a critical element of your business.

P = PRODUCTS

Do you have the correct product mix or do you have too many under-performing products? When did you last launch new products, and when did you last drop products? Remember the words quality vs quantity. Do you achieve the right percentage margin on your main products, and how have you tried to increase your margin? (It can be done.)

Do you have good relationships with your key suppliers and when did you last visit them? Even if they are overseas, they are a core part of your business and a good source of credit. Make sure your suppliers are financially sound by doing credit checks from time to time.

Try not to get caught up in the complexity of how to manage your SME business. South Africa needs you; may the force be with you.

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