



Surviving in Business

Surviving in business requires a range of commercial, personal and management skills. To survive in tough times means careful management of your business, and being extra alert to financial, operational, management and marketing issues. The points below will get you thinking about these issues.

Finance

Cash shortages can prevent you from meeting your financial obligations and make it difficult to expand your business. In some cases, it will mean you will need to close your business.

It is important to know your cash flow position. To manage your cash flow, take note of the following tips.

Account for Every \$ and ¢

- Install an accounting system that produces relevant financial reports and meets tax requirements.
- Keep your financial records and book keeping up-to-date.
- Use the information in your accounting system to draw up a budget and cash flow forecast.
- Manage your cash inflow and outflow – be prepared for anticipated tax instalments and other payments.
- Do your banking regularly, both for security reasons as well as keeping track of your cash flow.
- Reconcile your bank statements regularly, double-checking receipts and payments with your own records.
- Ensure that you receive, record and retain all tax invoices for GST taxable purchases to support your claim for input tax credits.
- Consider visiting your accountant every 3 months to review your business performance.

Money Matters

- Bill your customers early and often.
- Keep a detailed account of all your debtors and act promptly on overdue accounts.
- Promptly follow up any dishonoured cheques.
- Consider offering discounts for cash sales or early payments of credit purchases.
- Consider alternatives to improve your sales terms, eg lay-by terms, payment terms, credit terms.
- Keep a detailed list of amounts that you owe. Your debts may build up without you knowing.

- Use payable credit terms to your benefit, increasing the effectiveness of your cash flow.
- If suppliers want to be paid early, ask about discounts for early payments.

Final Money Tips

- Manage your investment debt. Don't over-borrow.
- Keep some cash for rainy days.
- Don't over-commit your personal expenses.

Management

- Use professional advisers – the money this costs is an investment, not just an expense.
- Watch trends in your business and the economy, review your business plan and update regularly.
- Regularly review your business performance and identify if you have met your goals.
- Review business insurance policies annually to ensure that coverage is appropriate.

People

- Try to pay staff electronically or by cheque – avoid cash.
- Introduce staff incentives that encourage sales.
- Acknowledge staff performance and encourage good working morale.
- Determine the reason for staff turnover, if applicable.
- Identify training needs of staff and encourage on-going learning.
- Be aware of occupational health and safety (OH&S) issues and have risk management policies and processes in place.
- Ensure that staff and clients have facilities that will enhance relationships and satisfaction levels.
- Review the décor and layout of your premises to ensure that you are conveying the most professional and appealing image to clients.

Office Management

The functioning of your office can be improved by making sure that:

- ✓ papers and electronic data are filed, so that they can easily be found when needed.
- ✓ the mail is collected every day and sorted immediately.
- ✓ the office is kept clean, tidy and well organised.
- ✓ the phone and all enquiries are answered in timely and a professional manner.

Consult staff and advisers to identify ways to improve the efficiency of the office, and production/service delivery processes.

IT and Telecommunications Management

- Identify the computer system and software, furniture and equipment that will improve efficiency, and develop a realistic replacement or acquisition plan.
- Regularly review the telecommunications system to take advantage of the latest technology and pricing policies.

Your business communications can be improved by making sure that:

- computers are regularly cleaned and defragmented, and operating systems and software reinstalled.
- anti-virus software is loaded on every computer and regularly updated.
- files and settings are routinely backed up and back ups are stored in a safe and secure place.
- the most common problems with the computer system can be fixed within the business.
- you have a reliable technician who can help with more complex computer and technology problems.
- the business has an email address.
- the correct phone and fax numbers, and email address are on all stationery.
- mail, email and message banks are checked and answered daily.
- clients and suppliers can always get through to staff or a message bank.

Sales

The sales process can also be improved by making sure that:

- there are systems in place to ensure that quotations and work are done on time and in a quality manner.
- there is quality, up to date information available on products and services.
- there are innovative customer satisfaction processes and complaint mechanisms, and staff know how to use them appropriately

- records are kept of all sales activities.

Product Inventory

- Install an inventory system and do regular stocktakes.
- Introduce measures to ensure that stock is rotated, and that stock levels can be adjusted in a timely manner, when necessary.
- Review storage facilities and maximise safety and security.
- Ensure that there are measures in place to minimise stock damage.
- Introduce processes and systems for checking the quantity and quality of goods received.

Marketing

- Regularly review and update your marketing strategies.
- Monitor market trends and changing needs of customers. Adapt to their needs, because they won't adapt to yours.
- Maintain a competitive price strategy. Look at what your competitors are charging.
- Identify your core customers and occasional customers. Work out strategies to attract repeat business from both groups of customers.
- Identify a unique selling proposition (ie a unique aspect of your business that will give you an advantage). Work on this advantage to keep you ahead.
- Work on promoting your business through your customers. Develop advocate customers that promote your business.
- Keep up to date on product and service development and technical change. Consider attending relevant trade shows and exhibitions that may inspire your business.
- Look at offering add-ons or package your goods or services to meet your customers' needs.
- Encourage follow up orders and work by delivering promptly and always check quality of the product or service delivered.
- Consider advertising in a group or cooperative to increase the effectiveness of your advertising.

For More Information:

Contact your local Business Advisory Service on 1300 650 058 to talk over business management issues or visit the Department of State and Regional Development's Small Business Website at www.smallbiz.nsw.gov.au.