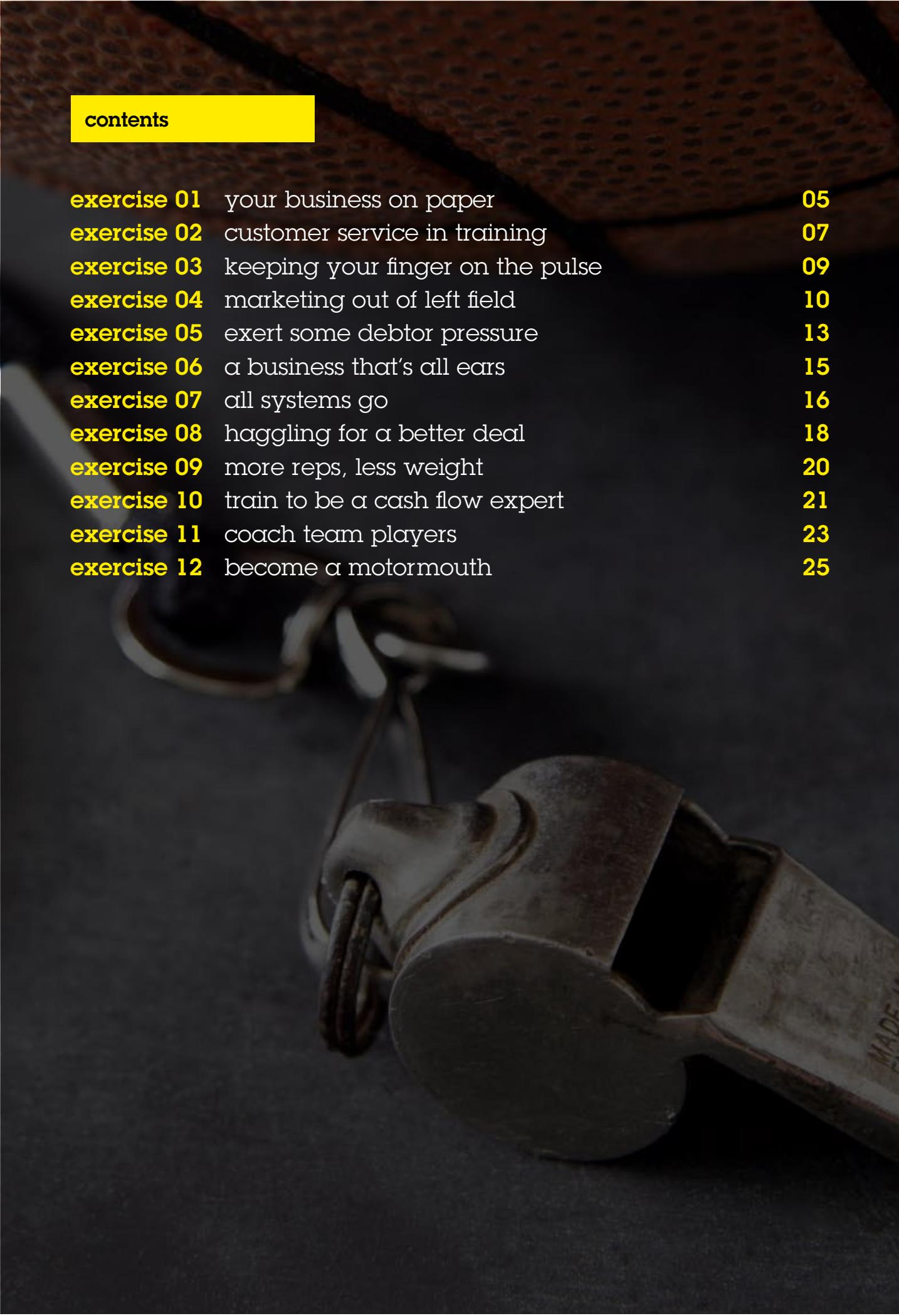


BUSINESS BOOT CAMP

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ENGLAND



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about the author



Peter Switzer is one of Australia's leading business and financial commentators. Launching his own business 20 years ago, the Switzer Group has since grown into three successful companies spanning media and publishing, financial services and business coaching.

Peter is an award-winning broadcaster and twice runner-up for the Best Current Affairs Commentator award for radio, behind broadcaster Alan Jones.

A former lecturer in economics at the University of NSW, Peter is currently:

- A weekly columnist for Yahoo!7 Finance
- A regular contributor to *The Australian* newspaper and ABC radio
- Host of his own TV show, *Switzer*, on SKY News Business Channel.

Switzer Media + Publishing, part of the Switzer Group, is one of Australia's most trusted providers of business and financial information. As a diversified media company with more than 20 years' experience, we produce content and publications that are educational, inspirational and informative. ■

“For myself, losing is not coming second. It’s getting out of the water knowing you could have done better. For myself, I have won every race I’ve been in.”

Ian Thorpe

exercise 01

your business on paper

Do you need a business plan to start a business? Many successful businesses have started without one, while other entrepreneurs have had a plan in their head and written it up later down the track. This doesn't mean you won't need one.

Business planning is the key starting point for those who want to own their own business. No doubt, your head is full of big ideas and plans. However, the imagination can go into overdrive and you'll need to nut out the realistic goals on paper. This will form your business plan.

To get a loan from a bank, you will have to write up a business plan. The plan needs to include any market research you have done and how you will market your

product or service. You also need to show you have considered risk management and can cope with things that go wrong for businesses such as rising interest rates, a recession, a fire or the introduction of a competing product in the market.

Construct a business plan because it makes you think about your business and sows the seeds of success.

Why should I plan?

Apart from giving you a clear picture of your business going forward, planning:

- Challenges and extends your thinking
- Gives some insight and understanding of your business
- Provides you with a level of confidence and knowledge. >

Tips to help you succeed

- Your business plan contains your idea to make money and documents the results from all your hard work. Keep it confidential and make sure anyone you show it to knows this.
- Specify a time to achieve your goals and reward yourself when you reach steps along the way to achieving them. Small win satisfaction drives you on for big wins.
- Review your plan regularly to keep focused and on task and update if anything changes.

exercise 01

> And, though you must all be sick of my old adage, if you fail to plan, you plan to fail!

What kind of structure should my business plan be?

There are nine essential sections of the perfect business plan. Use these as a template to get started on building yours. These are:

1. Table of contents
2. Executive summary
3. Your market (looking at your target market)
4. Competition (an industry analysis of your main competitors)
5. Marketing strategy
6. Financial forecasts
7. Operations
8. Management team
9. Appendices.

You should also do a SWOT test on your business (strengths, weaknesses, opportunities and threats) to get a good handle on the internal and external factors which could impact on success. Know these inside and out to get a good grip on where your business fits.

What are some tips for creating a killer business plan?

- Keep your plan clear and concise with relevant information
- Use evidence to support your projections
- If you need help with the financial section seek advice from your accountant.
- Read your plan frequently. Use it to compare your actual business performance making any adjustments where necessary.
- Your business plan contains your idea to make money and documents the results from all your hard work. Keep it confidential and make sure anyone you show it to knows this.
- Specify a time to achieve your goals and reward yourself when you reach steps along the way to achieving them. Small win satisfaction drives you on for big wins. ■

Rod McQueen's top tips

Rod McQueen made his name as the world's leading rugby coach taking the Wallabies to World Cup victory in 1999. But before all of this, he was a master businessman. In fact, McQueen insists he used business principles to ensure that our national rugby team delivered when it counted. He shares his secrets to kicking goals on and off the field.

- Just like a football coach, business owners need to have a vision for the future and a game plan to cash in on their insights.
- Get ahead of the game to have a business or sporting advantage.
- Creating a team environment is tricky. Each person needs to understand the role of one another to achieve the best results.
- Don't be afraid to change.
- Incorporate enjoyment into the business experience.
- Set goals and work to achieve them.
- Always be prepared to face the opposition.

"I wouldn't say anything is impossible. I think everything is possible as long as you put your mind to it and put the work and time into it."

Michael Phelps

exercise 02

customer service in training

Most businesses start and grow on the back of the founder's great customer service. It's driven by a passion for the product or service and the customers who decide to patronise the business.

I find many single-person operations, such as mortgage brokers, worry about growing their business because they don't think they can replicate their service in other people.

In absolute terms, they could be right but, on the other hand, the new staff could prove better than them!

Over the years, I have been astounded by business owners who treated me like dirt and some even knew I worked in the media! They don't know what they have missed out on as many of my

business stories in print, on the radio and television have come from being wowed by a business with great customer service.

Of course, it doesn't happen by accident, and three things are essential for staff to be on par with the owner when it comes to customer service.

First off the block, the owner has to be great at it to create a wonderful demonstration effect.

Second, staff need to be trained with systems, scripts and processes to look after customers.

Third, the boss has to create a happy business.

Put this together and even a one-time drongo staff member can learn to cut the mustard.

Bing Lee's customer service top tips

When I caught up with Lionel Lee, CEO of electronics superstore Bing Lee, he told me that the building block of his business (which turns over \$490 million annually no less) was the customer service cornerstone. And good customer service begins and ends with getting the right people to represent your brand in the door and keeping them there.

"We can always get an order taker to be part of the Bing Lee team ... but that's not really doing the customer the service," he says. "We have implemented constant training with our sales staff [and] ... we have silent shopping people that go around our stores and actually act as potential >

exercise 02

> customers and give reports back on our customer service.”

“The thing we want from our customers is interaction,” Lee adds. “Anyone can buy a product from anybody, but it’s the actual doing the deal and the feel-good factor of doing a fair deal and getting the right products that you want to buy – that’s what it’s all about.”

“[My Dad] taught me, as far as is possible, to treat customers like part of the family,” Lee explains. “We treat the business as a family. Our staff are family. Our customers are family. If you’re not a part of the family, you’re not really Bing Lee.” With an average of between 120,000 to 160,000 coming into the doors each week, that is certainly what you’d call an extended family!

Three steps to creating a culture of great customer service

1. Create business relationships with your customers and clients. Keep in contact with your clients and customers – consider sending an e-newsletter, birthday cards, new product updates – but don’t go over the top with it.

2. Ask your customers to recommend your business to others and ensure you listen to their feedback and then act on it.

3. Implement strategies so your staff understand what is required of them when it comes to customer service. Write systems so that everyone knows what they need to do. ■

“Luck has nothing to do with it, because I have spent many, many hours – countless hours – on the court working for my one moment in time, not knowing when it would come.”

Serena Williams

12 tips for great customer service

1. Work on your communication skills.
2. Out-service your rivals and over-service your customers.
3. Aim for a simple and effective product/service formula.
4. Respond positively to complaints.
5. Add value to your product and service to add value to your relationship with the customer.
6. Think out a key customer’s problems and provide solutions.
7. Do customer satisfaction surveys to improve the business.
8. Make sure your customers can contact you quickly.
9. Think outside the square. If there are customers who want a product but can’t meet the price, think of ways to make it work for them and you.
10. Pick up on key consumer trends.
11. Don’t underestimate the importance of providing consistently excellent quality in goods and services to generate repeat business.
12. Develop your customers as partners – the relationship should become ‘total’.

exercise 03

keeping your finger on the pulse

Business owners often don't realise how important it is to keep up with business news. A number of indicators are released monthly such as business confidence and consumer confidence. The Australian Bureau of Statistics, for example, releases information such as monthly retail sales figures, employment numbers and the quarterly consumer price index. All of these indicators can give a snapshot of where the economy is now and where it's headed.

Of course, no one can predict where the economy will be in a year from today, but keeping up with the news and watching for the indicators allows you to be prepared for what might be lurking around the corner that may affect your business.

Read up

Stay informed by developing a voracious appetite for the written word. Current affairs, business news and industry publications can keep you abreast of important trends and developments.

As Dr David Noebel, former American congressman, says, "If you want to be a leader, you've got to be a reader". Read thoroughly and you'll build up a substantial base of knowledge to draw from – and learn from the mistakes of others along the way.

Looking inward for answers

While keeping an eye on external influences to your business, it's essential to know the goings-on within as well.

Step back from your business – and your own

work – and give an honest appraisal. Look at what went right, what went wrong and, most importantly, why.

Do the research

Watch your market by developing an market research strategy.

The purpose of a market research plan within an overall business plan is to determine the following:

- The key characteristics of your target market.
- Pricing – as determined by current conditions.
- An analysis of competition for your service or product within the market.

In essence, you need to answer the what, why, how much and what else of your offering and market. ■

exercise 04

marketing out of left field

Thinking outside the square is important when it comes to marketing your business. Tim Pethick did it with his nudie fruit juice – he handed out his contact details on fliers with free samples of his drink. People could take the fliers to their local store if they liked the drink and ask them to call nudie so they could stock it.

And customer service expert Martin Grunstein tells the story of the Lexus dealer who threw in \$200 worth of CDs with a car purchase. The dealer had asked the purchaser many questions, including what type of music she liked, and she was surprised to find the CDs on the front seat of the car as an added extra! This also created great word of mouth marketing for the dealer.

It's marketing strategies like these that make you the talk of the town and get you remembered.

How do you develop a plan?

It starts from a marketing plan being developed in the following ways:

1. Focus on identifying and meeting current and future customer needs
2. Give marketing the credibility and authority to implement a customer-centric culture
3. Allow the market to drive your business.

The plan should focus on your customer. This culture needs to be one of understanding what customers' value, selecting target market segments,

Going viral

Marketing campaigns so good people watch, engage with and share with friends? It's every business' dream.

The impact of viral marketing campaigns is immense. If a brand can garner interest in the millions, a brand's potential reach won't be restricted to any particular demographic or location.

To harness the potential of the internet, look at your brand with fresh eyes – what is it that makes it unique and worthy of consumer's attention? Then, explore creative ways to channel that.

exercise 04

> increasing customers' perceptions of value, championing customer requirements and becoming passionate about service. A smart marketer is an essential cost to a business. However, they must be accountable and their efforts must be measured. Poor businesses often have a poor marketing plan.

Nine tips for branding

Branding is, first and foremost, the most important aspect of customer relations and marketing. Your business is your brand; your brand your business. To further develop your brand and strengthen its reputation to current and future customers, here are nine tips.

1. Develop a mission statement to share with your business' customers and stakeholders. This should be simple, yet reflect the overall purpose of your brand and any critical values.
2. Could a tagline or slogan make your business memorable or clarify what your business does? Make it snappy, original and something that will stick.
3. Be creative with how you get your brand out there. For example, if your employees wear a uniform, is there the possibility of

- displaying a logo on it?
4. Keep all replications of your logo consistent, whether it be displayed on stationery, the website, brochures or products. Branding all material in a uniform way keeps your brand streamlined and instantly recognisable.
 5. Maximise exposure of any product releases or newsworthy events in your business. Write and post important press releases to the media or on your website. However, don't inundate the media with trivial information, otherwise journalists won't take notice when the important press releases are received.
 6. Position yourself, or your business, as an expert in the field or your specific industry. When possible, speak, write, present and even teach – get your expertise out there and known.
 7. Investigate your competitors and determine

what your competitive advantage is. Then, use this point of difference as the main selling point in your branding. Flag what you do better and how on all marketing material, such as newsletters or brochures.

8. Get involved in the community. For example, sponsor local charities or events and see whether you can display your branding as a sponsor in the program or in the press surrounding the event. Being an active member of the community will also build your reputation as a caring and giving business.
9. Position yourself online and provide informative and helpful information related to your industry and expertise at no cost. And, give your customers a reason to revisit by posting new information regularly. Providing this value-add to your customers will do wonders for the business' overall branding. ■

"Even though we love to dominate opponents, we also love a fight. When there's a challenge, it brings out your best."

Brett Lee

"In the end, it's extra effort that separates a winner from second place ... Then it takes desire, determination, discipline, and self-sacrifice."

Jesse Owens

exercise 05

exert some debtor pressure

Having debtors who won't pay on time is a major cause of cash flow problems. Sometimes, getting a customer to pay can be like pulling teeth. Some business owners put off calling debtors, but how does that help cash flow?

Put aside a particular time each week to contact the debtors who have outstanding debts rather than calling every now and then. This will help you get organised.

When you send out invoices, make sure your client is well aware of what your terms are.

Also, if you can't bring yourself to make the calls, or you just can't seem to find the time, considering hiring someone who can, like a great bookkeeper.

Debtors on the line

When following up on overdue accounts, ensure you have all the relevant material within reach and be prepared before picking up that phone.

- Before calling, ask yourself:
- What information do you need to make a decision?
 - What is the customer's problem in paying (if any)?
 - Can the goods be returned/retrieved?
 - Is payment by instalments an option?

Nine tips to get debtors to cough up the dough

Malcolm MacDonald of Malcolm MacDonald & Associates is an expert in collecting debts and has a number of rules for collecting cash that everyone should take on board.

Dealing with debtors

Revenue is critical in tight times, so debt collection has to be best practice. During good times, average performances can be sufficient but they won't hold up when tough times loom. Make an evaluation about your debtors:

- Have you clearly explained your payment terms?
- Do you have a late payment response clearly worked out?
- Do you have a script to follow when talking to late-paying debtors on the phone?
- Have you credit-checked your debtors?

exercise 05

> His first recommendation is to talk early and regularly to a bad payer. Make sure you, or your sales staff, note other suppliers' products at the business so you can do a credit check. Also remember that an OK credit check six months ago might not mean much if your customer has been on a steady slide during the past five months.

MacDonald recommends the following nine steps to payment recovery. These steps will help to ensure a professional handling of a difficult debt situation:

1. Talk to the offending client and seek some indication when the bill might be attended to.
2. Keep positive about the outcome but be ready to act if it looks to be going pear-shaped.
3. If an extension is requested and it's in the best interests of getting payment, make sure you get the new deal put into a new agreement.
4. If you intend to stop supplying the debtor

make sure your credit management person talks to the key person in the debtor's business so that all parties are aware.

5. Make sure your documentation supports your right to claim the money owed.
6. Try to ascertain whether the debtor has the means to make the payment.
7. A direct debit plan might be a way to keep supplying someone who has had a lousy track record of payment, but has the money to repay the outstanding debts.
8. If the debtor offers to make progressive payments then remember the first offer they make is seldom the best they can do – play hardball and don't be too soft.
9. Don't be afraid to ask for security to back promises to pay. Things like director's guarantees, a registered second or third mortgage or even a bank guarantee could be asked for to put your fears to rest. ■

Phone a friend

Essential telephone skills go a long way to getting payment.

- Be prepared with all the details before making the call. Know the invoice and delivery details, and have a list of questions that need answers.
- Always speak to the decision maker. Know their name, and use it. If they're unavailable, find out when they'll be back in the office and call them then. Leave your name as a courtesy, but don't leave a message asking them to call you – it's unlikely they will.
- When you do speak to a debtor, be sure to be business-like and courteous, no matter how agitated they might become.
- Time the call with care. Don't call a debtor at lunchtime, on a Friday afternoon or too early in the morning.
- Understand the power of the pause – it applies pressure through silence. Let your debtor fill the silence. This is a great way to get answers.

"People say that I have an attitude ... I think that you have to. You have to believe in yourself when no one else does – that makes you a winner right there."

Venus Williams

exercise 06

a business that's all ears

Many business owners ignore a great source of feedback about their business, and it's the people they are so desperately trying to please – customers. Most customers are not going to tell you what they think of your business unless you ask them straight. Find out from your customers what they like and don't like about your business and make it easy for them to tell you.

Some restaurants and hotels have feedback cards, but often ask people to write an essay about the business. Most people are too busy. Instead, ask customers directly for feedback, for example, "how was your meal?" or "how was your room?" Most importantly, act on any negative feedback you get.

And remember, if they like

your service, ask them to recommend your business to their friends and family. There's no harm in asking!

The search for clues

The worst customer might be worth sacking or paying off, provided you learn something from the costly experience. If your customer service and customer management system grows stronger by dealing effectively with a mad, bad and terrible customer then the loss is only short-term. The lesson and its cost will be an investment in a more successful operation.

The success of a business is about someone listening more effectively to customers. The triumphs of takeaway pizza over pizza restaurants; of online jobs listings over

newspapers; and of the iPod over the Walkman all come down to businesses listening better to their customers.

Great businesses are always seeking customer feedback and using this to make their businesses better.

Consider asking these questions:

- What, if anything, was pleasing or distinctive about the service you received from my business?
- What, if anything, do you believe we should change to improve service to people like you?

Author John Lees says simple questions like this are effective if you want feedback. If your customers have anything to say, it will make it easier for them to say it. ■

exercise 07

all systems go

Organisation is crucial to business success and great systems can help.

So, what are systems? Put simply, systems involve a set of instructions that anyone should be able to follow. No matter how simple or complex a task may be, a system helps everyone to be on the same page.

Security, for example, is important in any office. You can show people a thousand times how to turn on the alarm and lock up at the end of the day, but some people will still forget some of the steps and this can cause problems. If you have the closing procedure written down in a system, there's no excuse for getting it wrong.

Writing systems like this may sound trivial, but it will give you and your staff peace of mind.

Creating your business systems

To create a comprehensive manual of all business systems, first divide all business operations into suitable categories, such as finance, sales, marketing and administration (there may be overlap but ensure each business area has a definitive set of business systems for its operations).

Next, list all tasks performed under that operational category. For instance, under the administrative wing of your business, you may list business systems from

filing to ordering a courier. There may even be one for making clients' coffees.

Now for the fun part – writing each system! Lesley-Ann Grimoldby, managing director of Switzer Business Coaching, says there are clear guidelines for a system:

1. Set out the steps clearly.
2. Define the standards
 - quality, quantity, correctness, courtesy.
3. Show who is accountable for each step.
4. List the resources required.
5. Test it.
6. Develop a training process to introduce it and put it in place.

See? There's even a system for creating a system!

exercise 07

> **Making time for systems to make time**

Q. I know I need systems and that they will improve my business, but I work 70 hours a week. How am I ever going to find the time to design and then implement systems on top of this workload?

A. Your challenge is that it is your business and you are the only person who can make things change. The questions to ask yourself are: what are the ramifications of you not implementing the systems you know you need? And, what will be the benefits of those systems once implemented?

The problem is not that you are doing too much work – you are simply doing the wrong kind of work. Start by listing all of the things you do in a week and how much time you spend on them. Categorise them: client relations, office administration, administrative support, bookkeeping and so on. Ask yourself what you would pay someone to do each category of work. Chances are a lot of it

will be between \$12 and \$20 per hour. Add up the hours. Consider what you value you put on your time as the owner of the business. Now work out how much you are costing the business by spending so much time working in the lowest paid area of the business. It is only when you can get a picture of what you are costing the business that you can come to terms with what needs to be done.

Start working on the systems in those areas and then get someone in on a part-time basis to follow them, freeing up some of your valuable time. When you have that extra time, don't just throw yourself into more of the same. Remember why you did it – and use the time wisely to develop some more systems that will free up more of your time, which you can then spend on activities that have significantly more value to the business. A business is going to take a very long time fulfilling its objective if the owner is its most expensive clerical worker. ■

Six benefits of systems

- 1.** Systems reduce the business' reliance on you, thereby freeing you to spend more time managing and growing it.
- 2.** Writing procedures will highlight inefficient or redundant processes.
- 3.** When new staff come on board, you won't need to spend as much time on face-to-face training as the written procedures will have step-by-step instructions.
- 4.** Systems can empower employees by removing the guesswork in dealing with a range of situations.
- 5.** If you decide to seek quality assurance certification, having procedures and disciplines in place makes the process less stressful.
- 6.** A systemised business is easier to sell, because systems enable the business to operate independently of the owner. The transition of new ownership is smoother, and you won't need to spend as much time helping.

"If you keep thinking about what you want to do or what you hope will happen, you don't do it, and it won't happen."

Joe DiMaggio

exercise 08

haggling for a better deal

Being a tough negotiator is a must in any business. This doesn't mean you have to be rude, but you do have to stick to your guns when trying to get your way.

For example, if you want to get a better deal and think your supplier is charging too much, try calling some other suppliers to find out how much they charge. Then call your current supplier and say you don't want to change, but your accountant has said you need to cut costs and you've found cheaper suppliers. If they don't move on their price, you've already done the research to find another supplier.

Doing this research is crucial in order to have a strong base to negotiate on costs. ■

Nine negotiating tips to master the tough cookie

1. Do your research. If you can show the seller you know a lot about the product or market, they will respect your request for a better deal.
2. Give the seller a reason to give you a discount. Make it clear that you have done your research.
3. Tell the seller why you would rather buy from them and explain why you can't if they're unable to make their prices competitive.
4. Make it clear to the seller that while you like the product, the price is not right.
5. Remember that you are well within your rights to ask for a better deal. When negotiating, you have to be strong.
6. Keep your negotiation professional and good-humoured. People want to help those they like more than those they find abrupt.
7. Know when to walk away. Some people are plain stubborn. Try to work these people out quickly, cut your losses and go somewhere else.
8. Negotiation can have many stages, so don't give up too early. But don't celebrate the deal until it's done.
9. Be honest. Both parties will benefit from this in the negotiation process.

“Being your best
is not so much
about overcoming
the barriers other
people place in
front of you as it is
about overcoming
the barriers we
place in front of
ourselves.”

Kieren Perkins

exercise 09

more reps, less weight

All business owners want customers to return to do business. That's why it's so important to build a strong relationship with your customers.

I heard a story recently about a local cafe owner who instead of giving coffee cards to all his customers to keep, instead kept the customer's card with their name on it (First name and first initial of the customer's surname) in a box. How many coffee cards have you received and then thrown out because it's taking up space in your purse or wallet? Not only has this business owner made it more convenient for his customers, he also gets to know his customers on a first name basis. Everyone likes to be remembered.

The foundation of good customer relationships

Amanda Gore, leadership speaker, says to attract and retain customers, a rapport needs to be built – the customer needs to feel as if the business is on their side.

"Really connect heart-to-heart with customers. That's number one," says Gore.

So how can you connect with your customers, without resorting to hugs and kisses? The key, says Gore, is simple – break down those barriers.

"Stop thinking about customers as customers," she says. "Start thinking about them as partners."

The customer will notice the shift in attitude and their perception of the brand will also shift and develop.

"All the branding stuff we

do – that's all about perception. Perceptions create feeling," she says.

Grunstein's image of customer relationships is a touch less sugar-coated.

"The customer is wrong almost 100 per cent of the time," he says. "What's important is it doesn't matter whether the customer is right or wrong. They just have to walk away thinking they're right if you are ever to get their business."

This attitude needs to be passed down through all tiers of the business.

"My perception of your business is whoever I come in contact with, whether that happens to be the boss or a casual and that's the word-of-mouth you develop in the marketplace," he says. ■

exercise 10

train to be a cash flow expert

I recently was asked by a young person who was keen to start her own business what she had to do to avoid failing? The advice was to not be negative and ask yourself, ‘what do I need to do to succeed?’

Peter Drucker said great businesses innovate to get a market advantage and then they market that innovation. But I throw in one more imperative – become a cash flow expert. Be sensational at collecting your money. You have to be professional and take lessons from accountants, bookkeepers and debt collecting experts.

Do your homework and remember you can survive a number of years without profit but you will be lucky to last six months with a negative cash flow.

You need to understand the impact of a cash flow gap (that is, the time between cash going out and cash coming in).

Generally, to avoid a cash hiccup you have to know what is happening with operating expenses, overheads, stock levels, debt collections and your profits.

Budget for success

You may think you’re sailing smooth seas but until you take a long, hard look at your finances, you may as well be in Timbuktu.

The key requirements in preparing a budget are:

- To link the budget into your strategic plan
- The financial parameters/ objectives from the strategic plan
- To include the sales forecast

- To include relevant intelligence about the business, customers, competitors and the industry
- To include relevant market research
- To include information from suppliers.

Do a cash flow statement and review it regularly – once a month or more if you’re going through a cash crisis. Without cash, even a profitable business can go bankrupt. To get a better picture of your business, prepare three budgets:

- Budgeted profit and loss
- Budgeted balance sheet
- Budgeted cash flow statement.

And remember, cash is king! >

exercise 10

11 tips for healthy cash flow

1. Develop a cash flow projection. Ensure you monitor and update it regularly.
2. Make sure you are not paying your bills too fast while your customers are laggards.
3. Invoice promptly, follow up regularly, cut payment terms and offer discounts for prompt payments as well as late payment penalties.
4. Closely manage your invoice process and collections practices.
5. Re-arrange annual payments such as insurance so you pay small instalments frequently. This will help to smooth out lumps in your cash flow cycle.
6. Establish a deposit policy for work in progress.
7. If you need an overdraft for business growth, get the right one.
8. Price your products for profit and become a cost control freak.
9. Think about debtor financing where the bank buys your invoice at a discount, they chase the money and you get the cash early. Many big customers don't mind this if you talk to them about it in terms of your cash flow.
10. Get a good accountant and see him or her at least once a quarter if your business is growing quickly.
11. Use short-term cash surpluses wisely. Don't keep them in accounts that don't pay interest.

Six more tips to improve your cash flow

1. Set credit terms carefully

The need to extend credit to customers is a fact of life for most businesses, but it is important to set clear limits.

2. Make debtors pay quickly

Talk constantly with major debtors as payment deadlines approach, and perhaps pass, by. Why? The squeaky wheel often gets the oil. A small discount for early payment can also provide an effective incentive to put that cheque in the mail.

3. Pay your creditors slowly

Take advantage of credit terms and prioritise costs according to their urgency. Wages, taxes and direct debits are at the top of the list, key suppliers second and everyone else last.

4. Smooth out the lumps

Know when lean cash flow patches are coming and plan accordingly. Make sure you have a bit of leeway in your cash accounts to pay wages and other inflexible expenses in tough times.

5. Use finance products effectively

Overdrafts, premium funding, lease facilities and cash flow funding products can all be excellent tools to help match a business's cash supply with planned outlays if used sensibly.

6. Keep hands out of the till

Discipline yourself to make cash drawings only in line with conservative cash flow forecasts. Cash drawings are effectively just another expense for your business and should be treated accordingly.

exercise 11

coach team players

Do your staff wear uniforms or drive vehicles with your business's name on them? If so, then are your staff properly representing your business? If a staff member can be easily identified as your employee, then even if they're off duty, they're representing your business.

A colleague was walking to the bus stop when he was witness to a near-accident between a car and a delivery truck. It was clearly the car's fault – no one would've disputed it. But the uniformed driver of the truck, which had the company's logo clearly displayed, leaned out the window and launched into a loud tirade littered with foul language. My colleague told many people this story. Needless to say, it

wasn't great word of mouth advertising for the delivery company. Proper training would have probably fixed this problem.

All aboard the training train
Training 'upgrades' and encouraging personal development for staff once they can adequately complete assigned work may not be a business owner's top priority. However, if continual improvement of the business is desired, encouraging staff to complete training sessions could be the key to training your business to succeed. Just as your technology needs software updates and upgrades, so too do your staff.

When it comes to managing people in your business, think of education and learning >

Getting the best from your employees

- Try to make the workplace enjoyable.
- Instill optimism within the organisational culture.
- Don't accept a pessimistic attitude from any staff member.
- Encourage your staff to better themselves.
- Delegate jobs to staff, not just the bad jobs.
- 'Please', 'thank you' and 'well done' can go a long way.
- Boost morale by taking the time to talk to staff and show them how to do tasks.
- Give feedback to staff, both good and bad.

exercise 11

> opportunities as an ongoing process. Remember, an open mind and an eagerness to learn are admirable qualities at any stage of the business. Embrace growth and implement opportunities for training.

Six tips to maximise training results

- When outsourcing training (such as attending seminars or inviting guest speakers into the workplace), pay attention to who will be conducting the program. Ensure they are an expert in their field and can relay information in an interesting and instructive way.
- If a series of training programs are being presented over a certain period of time, define a constant theme, congruous to the values of the business, to

maintain consistency and cohesiveness.

- Ensure training programs are easily applicable to staff's positions. If the skills learnt can quickly be applied jobs, this will encourage greater information retention.
- Where possible, present pre-training resources, such as pamphlets or small skill-related assignments so staff have the opportunity to prepare and mull over the content beforehand.
- Reinforce the purpose of the program throughout so that staff know the benefits of attending and learning the skills involved.
- Where possible, attend the training program yourself. This will show a sense of solidarity with your staff, as well as allowing you to evaluate its effectiveness (and suggest alternatives for next time). ■

Recruiting the best

Recruiting can be difficult – how can you be sure you're hiring the right person for the job when you've just met? And how can you predict they'll mesh with your business' current team dynamic. Don't rely simply on a question and answer format for recruiting new employees. Go beyond the resume. Focus on determining a potential employee's values and select an applicant whose values align closely with your company's. Essentially, this means learning to identify those who talk the talk and those that walk it! If you're short on time or recruiting experience, recruitment agencies know where to look and what to look for. Having them on board will help narrow the pool down to the truly exceptional candidates.

And, if all else fails, seek advice from David Brent, clueless manager of UK TV series *The Office* who says, "Avoid employing unlucky people – throw half of the pile of CVs in the bin without reading them."

"I've missed more than 9000 shots in my career. I've lost almost 300 games. 26 times, I've been trusted to take the game winning shot and missed. I've failed over and over and over again in my life. And that is why I succeed."

Michael Jordan

exercise 12

become a motormouth

Marketing your business need not be an expensive exercise – all you really have to do is talk about your business at every opportunity to ensure it remains top of mind for potential and existing customers.

Consider sending out a newsletter to your clients, telling them about your new products and business. It's easy these days with the internet. Sure, you don't want to overdo it, but once a month, or even quarter, could be enough. You could also set up a website with a blog that explains what you and your business have been up to. Get people engaged in a conversation about your product. Allow them to ask questions, and be sure to answer them.

Remember also that word of mouth marketing is important. Customers who experience superior customer service can become your greatest advocates, telling their friends and family about your business (and on a side note, it doesn't hurt to ask your customers to recommend your business to their friends and family). Stories about bad customer service on the other hand spread like wildfire and will be detrimental to your business.

Why you should blog

In this day and age, if your business isn't online, it's not top of mind. Just building a half-decent site isn't enough – you need to market it too.

Blogs are undeniably the way of the now. In fact, if you

don't have a blog you're doing your business a disservice. As BusinessWeek reporters Stephen Baker and Heather Green assert, "Blogs are a phenomenon that you cannot ignore, postpone, or delegate."

Blogging is all about getting your brand out there; it's about a low-cost promotion that has the potential to draw awareness to your brand. But just because it's low-cost doesn't give you any excuse for cutting corners. Take care to have all of your content proof-read – there's nothing more unprofessional than spelling mistakes on your blog!

Building a brand on a budget

No doubt during the recent downturn, you had a good, long hard look at your >

exercise 12

"Bite off more than you can chew
and then chew like hell."

Peter Brock

> business to find out where you can save costs.

While your marketing budget is often the first place the trimming begins, mounting evidence proves it's the businesses that keep up with their marketing through the tough times that will fare the best when things start to pick up.

(And notice I used the word 'when', not 'if'!)

When cutting costs it's crucial — above all else — that you don't compromise your brand. So, how can you conserve cash while getting your message out there?

I'm sure you'll be relieved to know there are many different ways to build your brand on a budget.

A great example of a business thinking outside the square is Tim Findon of Bondi's Busby Hair. A while back, Findon introduced Japanese translation cards to capture the attention of the tourist trade. And it proved a smart move — these camera-clicking clients have a yen for our iconic beach. You have to agree this was innovation with a capital 'I'!

The lesson about innovation is this — it all comes down to playing to your strengths rather than losing time fretting over your weaknesses (which are, more often than not, budgetary-related).

So, what are your brand's strengths? Kevin Roberts, CEO worldwide of Saatchi & Saatchi and author of the must-read *Lovemarks*, encourages all brand owners (that's you!) to get out of the office.

"Your inspirational consumers won't come to you — and they don't live in the office down the hall," he writes.

It's also important you understand what makes people tick (or, more importantly, buy!).

You can do this by another simple innovation — listening.

"Find someone who is loyal beyond all reason..." — this, says Roberts, is what you want people to be to your brand, just as he uses anti-dandruff shampoo brand Head & Shoulders even though he lost his hair long ago — "to anything; a car; a hobby; a friend. Find out what makes it work and apply it to your business." ■

Four reasons why you should blog

1. Blogs increase your search engine optimisation (SEO), drawing traffic (and potential clients) to your site. With the rise of social network sites, they also have the potential to be viral — the cheapest and arguably the most effective marketing strategy yet.
2. Blogs offer you a platform to share your business expertise with an unlimited community, creating you as the authority in your industry.
3. You can use your blog to answer frequently asked questions, for news purposes, to highlight promotions and run contests.
4. Adding a blog to your site will save you money. Updating a blog is a much quicker and cheaper way than contracting a designer to update your website, or doing the coding yourself. Lots of big names have blogs, including Rockpool's Neil Perry.

“I hated every minute of training,
but I said, ‘Don’t
quit. Suffer now
and live the rest
of your life as a
champion’.”

Muhammad Ali

Do you own your own business?

Or does it own you?

Like many people, you started your business to have more freedom, more income and to make a difference. But, before you knew it, you found yourself working 80 hours a week and more, you're worrying about cash flow and you can hardly remember what your partner and children look like! Even the dog is treating you like a stranger!

The worst part is you can't find good staff. And none have your commitment; you have to check that everything is done just right, that the customers are satisfied and that orders are taken correctly. You might as well do it all yourself!

The solution

There is a way to make your business work for you – a way to have delighted customers; intelligent, happy and proactive staff; and a relaxed bank manager.

Our coaching program can help you regain control of your time, your money and your life. Now you can achieve your life goals through your business, not in spite of it. Our program is no myth. It's a practical system that has been proven internationally for some 30 years. More than 50,000 business owners worldwide have successfully applied our program to their business.

Now you can find out what Switzer Business Coaching can do for you – for free. We are offering you a free one hour business assessment at your own desk with one of our experienced business coaches.

What you will learn

Through understanding and applying sound business principles, you will:

- Learn how to really work on, not just in, your business.
- Enhance your business skills through different thinking.
- Develop skills to create a systemised business in a planned and controlled manner.
- Learn how to identify missing systems in your business.
- Eliminate the constant stream of frustrations which plague small business owners.
- Create time within your working week to do the right strategic work.

Your return on investment

The return on your investment of time could be incalculable:

- Become more focused.
- Improve your business results.
- Have a business that works for you – not the other way around.
- Manage your cash flow effectively.
- Take control of your life and business.

For a free business assessment, call 1300 794 8937 or visit our website at <http://www.switzer.com.au/switzer-business-coaching>. ■