



## GROW YOUR BUSINESS

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# Tools for Monitoring Your Business Performance

Key Performance Indicators have long been regarded as vital for business success. But with so many to choose from, which ones are best for your business?

Key Performance Indicators (or KPI's) are specific measurements of various parts of your business activity. They are used to check performance against targets or as benchmarks or to monitor trends.

On their own they yield limited information, but as a comparison they can instantly identify areas in need of improvement allowing management to focus ON the parts of their business that will contribute most to success. Much like the dials on the dashboard of your car, KPIs work best when they are few in number.

There are literally thousands of things going on underneath the hood, but if those three or four things showing on the dials are pointing in the right direction, chances are the car will reach its destination. And it should be the same with your own KPI's.

Less is more so it's imperative that the KPI's you select are the ones that will ensure

you reach your desired destination. Which, incidentally, is another reason why your business plan is so important?

*“A sale isn't a sale until the cash is in the bank.”*

The best way to ensure you have the right KPI's for your business is to take a step back and examine your business plan for the Critical Success Factors (or CSF's) – the factors you have to get right for your business to achieve its objectives.

One might be cash flow. After all, it's hard for a business to get anywhere without it! So a manager might introduce turnover as a KPI to measure against set targets. And there might be a pleasing trend.

Even if increased sales are being achieved by an aggressive discounting strategy, sales would probably have to increase significantly just to maintain the business' current position.

Therefore a smart manager might also include their achieved margin as a related KPI.

Monitoring both turnover and margin will instantly inform management if the strategy is successful and if it will result in increased cash flow.

So if the business extends credit it is also a good idea to monitor the average amount of time it takes to receive the money.

If increased sales are being achieved without systems to convert that sale quickly into cash the strategy could be counterproductive.

These types of KPI's are called “sub system” KPI's and considered together they can provide some insights on how your business is really performing.



## Work Habits That Will Help You Succeed

Developing a successful business has as much to do with the way we approach things as anything else. So it's always useful to heed the work habits of successful business owners.

Here are some of the good work habits that they have shared with us.

1. Think of difficult jobs and assignments as challenges rather than obstacles. Don't overthink a job and don't over-criticize yourself. Perfection is seldom achieved and never rewarded.
2. Look for better ways. Think outside the box; involve your team, family, your business advisor. Discover new and better ways to do things. Ideas can be found anywhere.
3. Organize your desk, your files, and your life. Use technology so that you can locate everything you need when you need it. You haven't the time to spend an hour looking for something that's hidden somewhere.
4. Technology is essential to every business. Keep up with trends. Someone has already provided a solution for your biggest problem.

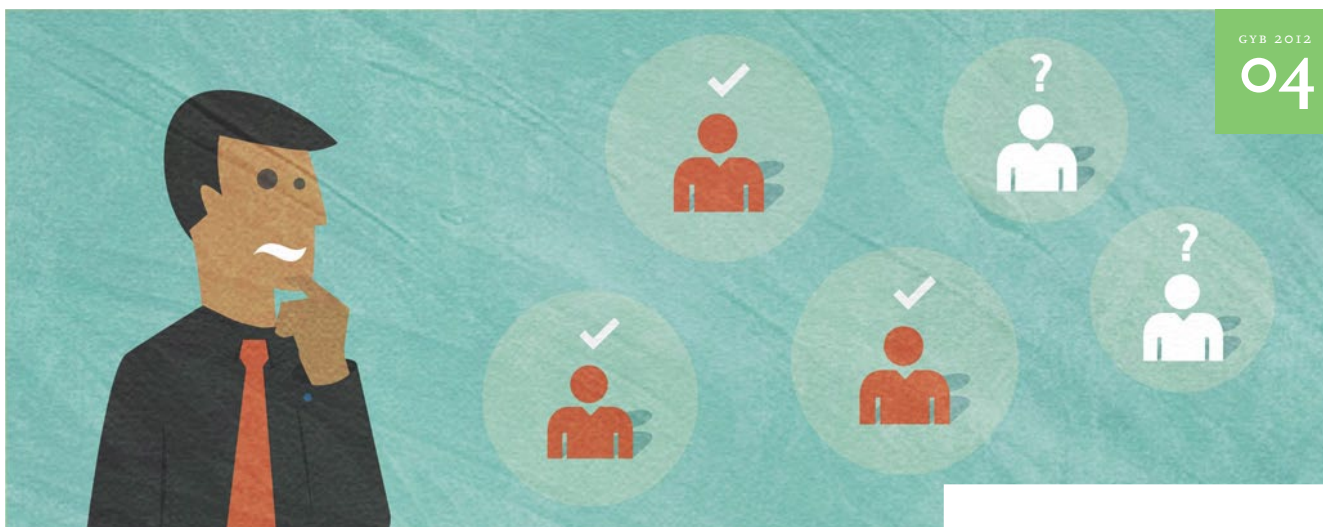
5. The only constant thing in this world is change. Be flexible to whatever changes might occur at work and try to adapt quickly.

*“In business, work habits play major roles in company success and reputation.”*

6. Don't be late for appointments. The working world is not the world of university. At university, the worst that can happen when you show up late in class is that the professor won't let you in.
7. When talking on the phone employ good phone etiquette. Don't talk loudly and distract others nearby. When making business phone calls, always be polite and have a pen and paper at the ready.
8. Personal and business emails are different. Use standard formats for business emails to stay professional and always re-read what you have written.
9. Value and manage your time well. Missing deadlines is a reflection of your brand.

### TECHNOLOGY CAN'T COMPETE WITH THE PERSONAL TOUCH

Despite modern technology allowing us to participate in video teleconferencing the fact remains that we develop better relationships by maintaining the personal touch. Our physiological makeup places great importance on allowing our senses to form an opinion of our surroundings and, perhaps most importantly, of the people we meet. Use technology to complement those face to face meetings, not as a cost-saving means of replacing them.



## Introducing Sales Targets

If a business isn't growing then, chances are, it is in decline. So properly set sales targets can be a defining factor in setting your business on the journey to success.

Too many business owners don't treat the budgeting process with the respect it deserves.

*“If you achieve enough you will make money, achieve a lot more and you will be successful.”*

When Michael Gerber coined the notion of working 'ON' the business rather than 'IN' it, he would most certainly have considered the budgeting aspect as an integral part of 'ON'.

Unfortunately many business owners consider the budgeting aspect as being separate from, rather than an integral part of, what is required to achieve desired results.

Their view is that they can't "make" someone buy, so a sales target is only useful until the day after it is set and they aren't met. And the targets become less significant as time goes on.

The fact is that sales are the difference between your success and failure. Fall short and your business might be doomed.

Therefore to not apply targets to the most significant aspect of a business can make it more difficult to achieve success.

Sales are the linchpin between marketing and profit. So your sales targets should reflect that. They should be the catalyst for your marketing plan, rather than the other way around.

It is imperative that you know your conversion rates. That is, how many advertisements, how many click-through, how many client enquiries, how many telemarketing calls does it take to make a sale.

You also need to know your average sales value. With the knowledge of how many transactions you need, you will be able to calculate the necessary marketing investment and identify the most effective channels to spend that investment.

Monitoring can then be focused on the marketing and selling conversion rates and the average sale value. Corrective action can then be taken to ensure those sales targets are achieved.



## How to Go Green, Small Business Style

Irrespective of your thoughts on green issues there can be some real benefits of incorporating a green theme into your business culture.

Although there is little evidence that, in general, green-focused businesses are chosen on that differentiator alone, it can prove to be the tipping point when competitors are fairly even in other areas.

There is added incentive when you consider that “going green” can also result in an improvement in business efficiency and security.

Some studies have shown that as much as 60% of your stationery budget could be reallocated to other income producing areas if some simple changes were made in the way many businesses carry out traditional administrative functions.

The “paperless” office scenario was seen as a potential advantage to businesses back in the 1980’s when computers became a commercially viable tool. However a lack of trust in the technology coupled with an inability to share information resulted in paper trails on a level not seen before.

Today technology has moved on and there is a great opportunity for businesses to do the same.

“Cloud” applications have made many of those paper trails redundant.

*“For a small investment the savings can amount to thousands over just a few years.”*

Cloud based invoicing programs allow the client to be emailed invoices which they are free to process and file online. They can often settle the invoice in the cloud by credit card, PayPal and other means; the system can send them off acknowledgement of payment and update your accounts receivable system instantaneously.

The days of having to tolerate the “check is in the mail” story are gone. Reminders to delinquent clients can also be sent automatically.

From a management perspective, cloud-based information is available to you anywhere in the world – providing you have internet access.

And utilizing cloud solutions developed by reputable providers also means your data is being regularly, reliably and securely backed up, perhaps on different continents.

Often an investment in a 2nd computer screen can significantly reduce the need to print documentation to look at while processing work.

This can also reduce the workload, and therefore the required specifications of the printers themselves.



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