



How to manage The Four Key Business Issues

Being aware of the following four key areas in your business is critical. How to stay on top of them, will help ensure your on-going success.

Complying with business legislation, minimising risks, improving efficiencies and managing your time are four issues you need to keep track of.

Complying with legislation

All businesses face various compliance and legal issues on an ongoing basis, and claiming not to be aware of them is not going to get you off the hook. It's crucial that your business is aware and understands its obligations, as legal problems can tie up critical resources for months and leave key parts of your business vulnerable.

For example:

- Pay taxes on time to avoid penalties.
- Provide a safe working environment for your employees.

- Comply with relevant employment legislation, during both the recruitment process and employment tenure.
- Fulfill your duties as a director if you operate a company. These include a duty to prevent your business trading if it's insolvent.
- Comply with privacy legislation if you capture or process personal information about other people for business purposes. If you use direct or email marketing, you will need to comply with relevant legislation, which may include the Privacy Act.
- Stay on the right side of IT law by establishing an appropriate software policy. Using unlicensed software can ultimately hit your finances and your business's effectiveness. It will also undermine your credibility in the eyes of customers or other stakeholders.
- Comply with intellectual property and trademark legislation.
- Obtain the appropriate licenses to undertake your businesses activity and comply with their requirements.

Minimise risks

A wide range of potential risks exist for all businesses but good management and contingency planning can help you significantly reduce them.

Contrary to popular belief, many successful entrepreneurs are risk minimisers – not risk takers. They assess the odds and then make an informed decision.

Following are some actions you can take to minimise the risks your small business faces.

Insurance cover

Check that your business has adequate insurance cover, such as public liability, professional indemnity and director's insurance.

Any claims to your business could severely impact on its financial survival.

Asset protection and business disruption insurance can also be critical to protecting assets and revenue if your business is hit by a disaster such as a fire, flood, virus or earthquake.

Premises protection

Major problems with your premises can be both disruptive and expensive, so take steps to secure your premises. Common problems include failing to act soon enough when a lease is due to expire, or being caught out by large increases in rent and rates.

If location is vital to your business, consider buying the premises to secure your position.

Cash flow management

Monitor your cash flow closely and use a cash flow forecast to manage your business. The more warning you get of cash flow peaks and troughs, the more time you have, to deal with them. Additionally, cash flow analysis will make it easier to arrange for additional finance from your bank when the need arises.

IT systems

Make sure your computer systems and the data stored on them are secure. Make regular backups so you can restore data if your system crashes, and store at least one set of backups off site.

Check from time to time that you can restore data without disruption. If possible, develop 'Plan B' systems that will allow you to carry on working if an IT issue occurs.

Customers

Your customers are a key business driver. The following steps could help reduce risks to your revenue:

- Diversify your customer base to avoid excessive reliance on one or two key customers.
- Concentrate on winning and keeping customers. Continually improve your understanding of your customers and the competitive environment so you can refine your marketing plans and take advantage of new opportunities. A mix of both loyal and new customers significantly reduces your risk.
- Reduce the likelihood of disputes and litigation by using contracts and agreements, and follow correct procedures. When disputes do occur, seek expert help.
- Manage international risks if you plan to export or import. Get expert advice about international markets and trade finance.

Your employees

Share knowledge and skills to avoid relying too heavily on key employees. Capturing procedures in clearly written operating manuals can improve quality, speed up training and allow staff to cover for others on leave.

Monitor individual performance to ensure employees are performing effectively and are overcoming

challenges. Start by recruiting the right people, then lead and motivate your employees, and monitor their performance through regular reviews. Discuss and resolve any problems as they occur.

Improve efficiencies

Improving efficiencies in your business is good for boosting both employee morale and the profitability of your business.

Make an investment

Investing time and money in training and developing employees' skills, and in effective tools and systems, can pay long-term dividends. For example, consider purchasing appropriate IT systems to improve efficiency and using the internet to market your business and collect information.

Establish policies

Where possible, establish routines to avoid wasting time solving the same problem repeatedly. An effective way to achieve this is to develop and implement straightforward policies.

For instance, encourage employees to store computer files and folders systematically so that it's easy for everyone to find – saving time and costs.

Get expert advice

Work with recommended professional advisers. Use a Business Consultant who understands your type of business. Consider employing skilled consultants in areas where you can't afford to develop in-house skills, such as IT.

Remember, use experts to do expert things...

Organise your time

It's easy for business owners or managers to get submerged in the day-to-day activities of running a small business. Set aside time for strategising the 'big picture'. This will improve the overall health of your business and allow you to focus on the key factors that determine the long-term success of your business.

To avoid being distracted by day-to-day issues, allocate time for all the activities you need to carry out. If you break everything into tasks, you'll find them much easier to achieve.

Daily and weekly tasks

- Review any correspondence.
- Delegate jobs and motivate employees.
- Set aside time for dealing with urgent tasks as well as longer-term tasks.
- Review the effectiveness of your marketing.

Monthly tasks

- Review monthly business performance, your business plan and budgets.
- Review major strategic activities.

Quarterly or half-yearly tasks

- Hold employee performance appraisals.
- Analyse the performance of major suppliers.

Annual tasks

- Perform a SWOT (Strengths, weaknesses, opportunities and threats) analysis of your business.
- Prepare annual accounts.
- Review effectiveness of major company policies.

Next steps

- Consider joining your industry or trade association and the nearest Chamber of Commerce to obtain regular compliance and legislative updates.
- Discuss any cash flow challenges with your Consultant
- Discuss and be clear on your tax obligations
- Speak to your Business Consultant about a review of your insurance cover.

Please note that this is a guide only and should neither replace competent advice, nor be taken, or relied upon as financial or professional advice. Seek professional Consultants advice before making any decision that could affect your business.