

A three-step programme to help you  
realign your business activities to  
achieve your personal goals



TLA Business Services

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# **BUILD YOUR BUSINESS BETTER**

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**(AND GET THE REWARDS YOU DESERVE!)**

## **Contributors**

### **AUTHOR**

TLA Business Services

### **EDITOR**

Executive Authors

### **DESIGNER**

Noir

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TLA Business Services  
1 King Street  
Worcester  
WR1 2NX

01905 21411  
[enquiries@tlaservices.co.uk](mailto:enquiries@tlaservices.co.uk)

[www.tlaservices.co.uk](http://www.tlaservices.co.uk)



Building  
YOUR Bottom Line

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# Are you a slave to your business?

**The energy required to sustain and continue growing a successful business is very different to the energy you used to set it up in the first place. And the reason is simple; the entrepreneur planning a new enterprise is at the start of the journey – yes there are obstacles and hurdles, but it feels as if anything is possible. At this point you are at your most free and your most creative.**

**Then, as the business becomes established and successful, you become a slave to your business. All those plans you had for growing your personal wealth, having more time to spend with the family and enjoying long holidays have been replaced by the need to be more, not less, involved with the business.**

**And yet you're not necessarily seeing the business growth you deserve either. So what's gone wrong?**

Many business gurus will say that you yourself are the cause of the problem - that your mindset is wrong, your management skills need sharpening, your delegation is poor; and some of this will be true. But there's also a much simpler reason, both to grasp and to put right...

**You're simply not getting the business information you need.**

And that means you're always reacting, not running the business proactively. You are constantly on the run trying to catch up, using out-of-date reports and financial information.

Sounds too simplistic?

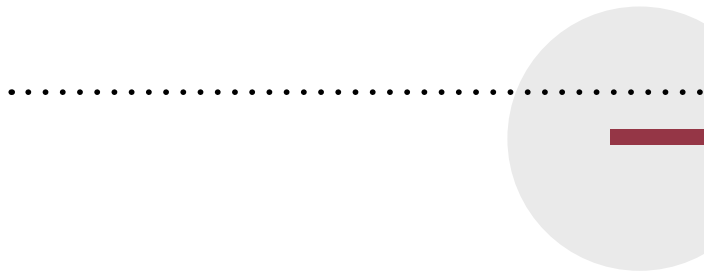
Just pause for a moment. Think of the most recent time you picked up a financial report to diagnose a problem, or held a performance review with your sales team. How out-of-date or unhelpful was the information? How much guesswork did you have to do to translate it into what might actually be happening in your business *right now*?

**This simple 3-step program will reveal the simple logic of real time reporting, but it will also go further.**

By underpinning your business's entire daily operation with real-time information, you will find opportunities to streamline, to delegate responsibility, and to take the first real step towards those original personal goals – more time, more freedom, more money and more quality of life, but all without losing any control of the business.

**Step 1: Review**

We need to start by going back to the beginning – why did you set up the business – what rewards did you expect to get by now from all your hard work? And perhaps those goals have changed? Either way we need to review them, reset the compass and get ready to reach them.



**Step 2: Diagnose**

We need to pin down exactly how the business is holding you prisoner; so we need to understand all the financial and other activities that can underperform without us realising. We need to know where and how to improve the business and help you towards your personal goals.

**Step 3: Remedy**

The solution we'll use is proactive business planning based on real-time measuring and reporting; anything that can be measured can be improved. So while steps 1 and 2 gave us the map of where we're trying to go, we now need to apply the right tools and in the right way to start making those improvements.

**And the best thing about this program?**

There's no commitment to lengthy mentoring work or philosophical restructuring, just practical and actionable improvements.

**So, are you ready?**



step one

# Review

**Let's be clear about one thing: the type of person who chooses to set up their own business knows it will be tough. This person doesn't flinch from hard work. But they also know that the rewards will more than make up for it. They deserve their 'goodies'.**

**So your business might be doing really well, but if it's at your own personal cost then something's not right. And that is why we need to do the Step 1 review to ensure these come right into focus.**

## **What are your rewards? And which are you not getting?**

Most people get into business primarily to improve their lifestyle or maintain the one they have. Nobody does it because they love filling out invoices and paying tax. Even we as accountants at TLA Business Services don't get excited about tax returns! And that's why we focus on business growth strategies to help clients achieve their personal and lifestyle goals.

Every business-owner we help reaches the same point in their

working life – the business becomes an end in itself and those goals have been locked away or forgotten. For some, their goals have been put on hold; for some they have been forgotten; and for others new goals are emerging but with no optimism that they'll be achieved.

So read carefully through each of the typical examples below. It's not an exhaustive list and if it triggers a fresh idea in your mind that's fine. In fact, that's great – it's exactly why you first went into business, to plan rather than just dream.



## Work-Life Balance

This issue comes up more than any other – and if you’ve reached the point where you’re working fifty or sixty hours a week, then it’s definitely something to consider.

Most of us use work-life balance as the ultimate metric for measuring our quality of life – and whilst you were happy to sacrifice the ‘life’ side of the equation in the early years, maybe you had expected the balance to swing the other way by now? Perhaps that original allure of being your own boss and setting your own hours has dimmed?

So if you’re exhausted by working late into the night, every night, or just want to take Friday afternoons off to engage in hobbies or spend more time with family or friends, then this reward matters to you.

## Holidays

We need positive time-off experiences if we want to stay healthy and enjoy a balanced life. And as a reward for the hard working business owner there is little to beat the reality of travelling to new and exotic places or simply staying in higher-quality hotels. And why stop at top hotels; why not aim for your own holiday home in your dream location?

Having the time and financial freedom to travel is, for some, the ultimate reward; most people have a bucket-list of places to see and landmarks to visit. So if this is your goal and you’re not achieving it, we need to do something about it.

“HAVING THE TIME AND FINANCIAL FREEDOM TO TRAVEL IS, FOR SOME, **THE ULTIMATE REWARD.**”



## Charity

Success isn't always about what you can get; for some people it's as much about being able to give more. And if you are passionate about helping others and giving back to the community, then supporting your chosen charities is an important reward to consider.

If you are just keeping your head above the water, then your philanthropic aspirations will go out of the window. But many people wish they could give more to causes close to their heart and get a great deal of satisfaction doing what they can.

And charity doesn't necessarily have to be purely about donations. Many businesses encourage and make time for their employees to get involved in charitable works, and if this idea appeals to you then it's something you should take into consideration when reviewing your rewards.

## Houses

If there is one thing that impacts on how we feel each and every single day, it's where (and how) we live. Little wonder that a bigger, better, more convenient or more comfortable home is one of the chief rewards we aim for as business owners.

If you have a family, this is also the most tangible way that you can share your success with them – and reward *them* for their patience during the early years when they forgot what you looked like.

And remember, your priorities for your home will change as your life evolves – so this reward is always worth revisiting and redefining.



## Schooling

For business owners with children – or even nephews and nieces – education is a fantastic investment; and the benefits can filter through to successive generations, giving this a reward with a very long reach.

There are many different ways to improve quality of education – private schools, or moving to a catchment area for a high-ranked school. And for the foreseeable future we will continue to face the Mount Everest of student fees too.

So being able to make provision for these and other expenses is a reward that motivates a lot of business owners and extends directly to their families too.

## Material goods

We're getting into the sphere of pampering now, but why not? You work three, four, five times as hard as most people – you deserve it!

So whether this is your #1 reward or simply the way you want to be able to spend the residue after funding your other goals, be honest about what you want: anything from new cars to the latest curved screen TVs, new clothes, works of art, football season tickets...

If the promise and excitement of these helps you to bear the immense responsibility of running your business, then you deserve them!

“FOR BUSINESS OWNERS WITH CHILDREN – OR EVEN NEPHEWS AND NIECES – EDUCATION IS A FANTASTIC INVESTMENT; AND THE BENEFITS **CAN FILTER THROUGH TO SUCCESSIVE GENERATIONS**, GIVING THIS A REWARD WITH A VERY LONG REACH. ”



## Control of destiny

This final example is a bit of a curve ball, but for many it's actually the first general thought they have when starting up – and it's all too easy to forget it over time.

For some people the only thing worth working for is to be free; to be able to make your own choices and take your own life directions. There will always be external factors affecting your business, from competitors to government policy and of course sheer luck, but by keeping your eye on the ball and building your business up to where it really works for you, you can continue to remain in control of your destiny.

**Doesn't that alone justify your time spent completing this program?**



## step two

# Diagnose

**We can already diagnose the main reason why you're not collecting on your rewards – it will either be that the business is not giving you enough personal income or that it's not giving you enough free time; and possibly both. Whichever it is, the solution lies in getting the business to do things more efficiently and more profitably – and in a way that relieves you of 24/7 duty but without taking ultimate control away from you.**

**And putting these right means knowing where we are now, and deciding where we need to be in the near future.**

### **So we're talking about measuring.**

Why?

Because, as I've said, anything that can be measured can be improved – made faster, longer, less costly, etc. And that includes staffing and responsibilities as well as figures and processes.

But I don't want you just to go in there and measure everything that you possibly can. This program is all about reducing, not increasing, your workload! Instead, the Diagnosis step in the program is

where we carefully go through all of the main measurable business activities to reveal those where you can be doing better.

### **Where some businesses go wrong is...**

... not fully realising that some things are quantitative and can be measured numerically, but others are qualitative and require measurement through human experience and evaluation, often in the form of independent business analysis and advice. This program is all about helping you to introduce the right kind of technical and professional support to be able to measure and plan more efficiently.

So, we need to dig down and examine each of the key activities and business performance areas that you may or may not be measuring correctly or at all. They fall into three distinct groups, but with some overlap.

1. The first, **Financial Information**, includes activity directly or solely related to the financial efficiency and performance of the business.
2. The second, **Productivity**, includes the impact on the business of the people and processes at work.
3. And the third, **Ethos and Vision**, is not just the umbrella statement sitting above everything else; it is the underlying clarity that should underpin everything you measure and improve. And yes, it itself can be measured!

OK, let's start digging. And remember: not all of these will apply to you, but go through them carefully to find the ones that do!

## FINANCIAL INFORMATION

### Financial records

If you're already using cloud accounting, you can skip this item. But if not...

...then almost all of your financial reports are out of date by the time you get them. Fact.

That's bad enough given you normally only get to see a cashflow statement or sales figures weekly or even monthly. But even if you saw it every day, if the data is historic then it is of limited practical use. Instead of being a precision tool telling you exactly what's going on right now in this moment, it is a record of where you were in the past.

"THIS PROGRAM IS ALL ABOUT HELPING YOU TO INTRODUCE THE RIGHT KIND OF TECHNICAL AND PROFESSIONAL SUPPORT TO BE ABLE TO **MEASURE AND PLAN MORE EFFICIENTLY.**"

### **“How does this relate to my personal goals and rewards?”**

Fair question, but the answer is simple. You won't get due warning if things are about to go off track; and if they do, getting them resolved can divert time and money away from achieving your goals.

So, instead of being in control, you're relying on guesswork. You're living in a world where you can look at the figures, estimate that you will be able to afford that car, holiday, school fee, home improvement, etc. – and then wait fingers-crossed, to see if your financial and business performance predictions come true.

Running your business without real-time financial information is like gambling. And surely your hard work and its anticipated rewards deserve a more secure system?

I'll come back to the solution – cloud accounting – in Step 3 below. But first let's continue working our way through the other business measurements.

### **Ratios**

Financial/accounting ratios can sound intimidating at first, but once you're familiar with them and the value they bring, you'll wonder how you made it so far without them.

Gross profit and net profit margins are typical ratios – simply comparing your sales revenue with your gross profit (sales less cost of sales, typically material and labour) or net profit (gross profit less expenses) respectively.

Do you regularly examine this information? If not, you're making it difficult to test the efficiency of your sales process and to minimise the costs involved with your product or service.

Here's another useful one. The acid test (or quick) ratio, is a measure of liquidity and is essential for a healthy cash flow. The acid test ratio compares your cash and receivables with your payables, removing stock from the equation. It tells you whether

you are able to pay off your short-term debts without having to resort to borrowing or selling off assets. So, for example, if your acid test ratio is high, you may be able to negotiate to pay your suppliers sooner in order to secure a discount.

Another particularly useful one to track is Debtor Days, which shows how long it takes on average for your customers to pay you – great for better cashflow management. But a note of warning: seek advice on which ratios to focus on – there are many and you can easily suffer ‘paralysis by analysis’!

## PRODUCTIVITY

### Units

So much of your daily business activity, your output and your longer-term performance can be measured in units. And the good news is that even if you’re still running outdated accounting systems, you can access much of the information you need.

The bad news, however, is that many businesses don’t pay enough attention to unit-based output measurement. But you should, because it also allows you to measure and fine-tune pricing, capacity, demand and inventory:

### Pricing

Setting your pricing structures in terms of units (especially for special orders) helps you ensure that you are making sufficient contribution from your sales to cover your expenses and to build up the additional income you need for your goals and expansion plans.

### Capacity

What a factory, shop, worker or machine can do in a set time is typically measured in units. And if you’re working without a measurable unit system, it is much harder to plan efficiently for hiring employees, relocating or investing in additional assets.

### Supply and demand

Most people are aware of how supply and demand works but at some point the market will become saturated with a certain product and so additional output will be unprofitable. Without unit measurements you cannot accurately adjust your pricing, your product line and manufacturing capacity or even your workforce and other assets.



## Inventory

The stock and raw materials, your inventory, cost you money in terms of storage costs and by tying up your cash in assets. This puts you at risk; but a unit-based system allows you to compare your risk in different ways – value of assets vs costs vs loans and cashflow. Generally, you will want to hold as little inventory as necessary, but accurate calculations allow you to manage this in the most efficient way for your business.

## Waste

First the financial impact of waste:

Depending on your specific industry, waste can be anything from steel to printer ink. Since you've already spent money on the resource in question, the last thing you want to do is throw it away and not get any benefit from it. Do you know exactly how much waste you're generating, what it is costing you, and whether it can be reduced?

However there are other benefits to better waste management:

Being environmentally aware has become a powerful business value. Demonstrating responsible waste management – earning green credentials - appeals to your customers and to your staff

too. It can even gain you access to markets that otherwise shut you out.

And you can profitably extend your waste efficiency to that all-important resource - time. Time is an integral component in your productivity calculations and improvements. And time is so easily wasted without us measuring the impact – down-time, staff sickness, simple manual or administrative inefficiencies, etc.

When did you last do a comprehensive 360-degree waste audit?

## Team performance

This is a fascinating but underrated measurement. After all, a happy team is a productive team – no one doubts that. It also relates to the third group below, Ethos and Vision, but let's address it here briefly for its impact on efficiency.

There are three ways in which your team's performance directly influences your own experience of running your business – 1) team productivity, 2) team competence,



and 3) team morale. Each increment of team inefficiency can increase your own financial shortfall as well as demands on your own time.

**Team productivity**

Do you measure and influence this? And if so, how? Do you use a carrot or a stick, a reward or a sanction approach? Have you tried different methods and measured the impacts? And do you factor team happiness into team productivity?

**Team competence**

How well trained, mentored and assessed are your team members? How confident do they feel in their roles? How much time do they spend avoiding tasks or challenges? Their ability to work to their most efficient is your responsibility – and the more competent they are the more you can delegate and step back.

**Team morale**

Low morale, the sum of the two issues above plus much more besides, costs you money. Sick-leave, the costs of temp workers and their induction/training, and even the churn of resigning staff leading to additional recruitment costs – all of these can be avoided

or reduced by improving team morale. And all of these can be used as measurements of morale – but you should also include more qualitative measures too – personal interviews, etc.

**ETHOS AND VISION**

Like every business, yours will have a mission statement and a vision statement – together these summarise what you do and what your big plan or your place in the world is. But this is just the outwards manifestation of what should be running through every single function and person inside your business.

And remembering this can help you to look beyond just the figures – the quantitative data – and search out the meaningful qualitative measurements that give you a fuller health-check on your business.

The values that you as the business owner want your business to display should run like a seamless connection throughout all the activities of the organisation. This keeps the team pointing in the same direction and provides guidance when making decisions about situations that aren't covered in the company procedures manual.



We have noticed that more businesses are beginning to come to us with this alone on their initial agenda, inspired by stories of company values in well-known multi-national corporations. It is certainly a very smart way to use your accountant – and something unheard of only a few years ago.

### **You need stakeholder buy-in...**

You are your company, but so are your staff, your customers, and also the wider public with their perception of what your business does and stands for. And the most successful and efficient business – that golden combination you need in order to start drawing down your rewards as business owner – is one that continually evaluates its ethos and vision – are they still true and relevant? Are they properly communicated? Are they reflected in increased productivity, sales, efficiencies?

I just want to emphasise that saving money on, for example, paperclips is not an isolated cost-cutting efficiency; it should be just one part of the overall ethos and vision. Everything you do can be measured – but unless those measurements are pulled together to reveal the bigger story they may be of little use. And that's

where expert business advice is invaluable, the independent third party best able to help you see clearly what is happening across the whole of your business as well as in fine detail.

So as you work through Step 3 – Remedy, keep in mind your bigger vision for the business. And keep in mind how much you know – or don't know – about how well this vision is reflected in every level of the business. If you get these properly aligned, then your own personal vision for yourself and your rewards will become achievable because you will be systematically and measurably improving your business's efficiency and profitability at every level.

“THE VALUES THAT YOU AS THE BUSINESS OWNER WANT YOUR BUSINESS TO DISPLAY SHOULD RUN **LIKE A SEAMLESS CONNECTION** THROUGHOUT ALL THE ACTIVITIES OF THE ORGANISATION.”

## step three

# Remedy

**Step 1 will have helped you regain your focus on what you want from your business, and Step 2 should have triggered a few alarm bells, highlighting areas of inefficiency that need urgent attention.**

**That's the easy part of the program over! We now need to improve business efficiency and get you more time and money to do the things you've been dreaming of.**

**And we're going to do it in two ways – examining the culture of your business, and preparing to get more from the essential tools that you'll need – in particular cloud accounting and business support.**

### **First, however, just a few words on planning...**

This whole program is about plans – the ones you first had, and the ones you need now to reach those. And I want you to consider the well-known acronym SMART – used to describe goals that are Specific, Measurable, Achievable, Relevant and Time-bound.

What interests us the most is the second of these – Measurable. And that's because measurement is vital to the other four acronym metrics. Without it they are meaningless.

**To illustrate:** You decide your goal is to increase sales. Fine, but this is an aspiration, not a goal. You need to set a measurable target for that growth. So you might add that you aim to grow sales from £1M to £1.5M – that's a little better but still not measurable enough; with a satisfactory service and loyal customers, your business will probably grow organically anyway, so your goal hasn't necessarily set in motion a profitable improvement. No, you also need a time frame such as “in the next 12 months”.

It's only by building in integrated measurable targets that you'll have any way of monitoring your progress and taking action fast if things go awry.

**Remember, the purpose of this program is not just to set new efficiency and profitability targets – we want you to achieve them. Or even to exceed them.**

And here's how we'll do it, using the right culture and the right tools.

## BUSINESS CULTURE

So, you want to achieve greater efficiency and profitability; and you also want to harvest those long-awaited personal rewards. By now you also know that independent expert help and advice is going to make all this a lot easier. However, the key to unlocking the very best help is to nurture an open business culture.

### Shared goals

It can be intimidating at first, sharing your hopes and aspirations with someone else, and you can feel exposed; but if you keep them to yourself then they will

remain a dream, not a true goal. An important part of this process is accountability, and in small businesses it can be easy to go off-course without an external party involved.

**Achieving a true open culture, a sharing of vision and goals, can be a challenge.** But it is both important and feasible, with different approaches for businesses of different sizes and complexities.

If your business is large enough to have a management team, then making sure they know and understand your goals will make those goals far easier to achieve. Your team should not be 'yes-men and women' but people who will tell you if they think the business isn't making as much ground as it should and can also help you work towards it.

In a smaller organisation, however, you really need to look externally for help. And there are alternative ways to do this.

One is in the form of a 'mastermind group', a small group of entrepreneurs who get together



every few weeks to talk about their aspirations and problems, and help each other along the way.

Another way is to discuss things with an external advisor such as your accountant, who will often have a good idea of the financial health of your business and should have a wide array of techniques and tools at their disposal to guide you.

Consulting both internally and externally requires trust and it invites challenge. But as a business owner you'll have no problem with that. Just embrace this challenge as being especially positive.

### **Golden Thread and buy-in**

The Golden Thread concept ties in with shared goals, but is more appropriate internally. In essence, for your business to be successful you need buy-in from all levels to the business's goals.

This comprehensive buy-in will ensure that all decisions and actions taken support the overall goals of the business, with any targets, goals and strategies from top to bottom all targeted towards fulfilling the objectives of the business and its owners.

You can see how this relates directly to the questions raised in Step 2 about your team's performance. So to weave your Golden Thread, your business needs...

### **The right mindset**

And I'm talking about the general mind-set of the employees as a collective.

It can take a long time to 'grow' a goal-orientated team mindset, but it is certainly worth the effort. Clearly a smaller organisation can have an easier time changing its culture than a larger one; with fewer people it should be simpler to have greater transparency and shared understanding of everyone's roles and contributions.

“CONSULTING BOTH INTERNALLY AND EXTERNALLY REQUIRES TRUST AND IT INVITES CHALLENGE. JUST **EMBRACE THIS CHALLENGE** AS BEING ESPECIALLY POSITIVE.”

However, for any size of business there are a number of ways to get people on board. And whilst the focus is on creating a shared internal set of values and goals, it often helps to bring in an external advisor or facilitator to help define and oversee the process. This role also helps manage the potential misfit between the individual and the business perspectives.

Buy-in only comes from better understanding of everyone's value; and positive, motivational measurement helps to assess both individual and team performance in achieving the common goals. With these in place you have the culture necessary to turn a good business into an exceptional one.

But you will still need some tools...

## ESSENTIAL TOOLS

There is one tool that is absolutely vital if you are to gain real business efficiencies and reward yourself with more time and more wealth...

### Cloud accounting

Already use cloud accounting? That's great. But do you know how to get the best from it? Or are you

basically doing everything the way you did before?

Cloud accounting should provide three principal things – real-time information, access from any location, and third-party support. Keep reading and see if you're getting all this from your own cloud system:

#### Real-time information

By recording what's happening right now and turning that into any kind of versatile report you want, cloud accounting means you have the business right at your fingertips. You know exactly what is going on and can make the kind of plans and rapid decisions with a clarity you couldn't even dream of before.

#### Anyplace access

Being cloud-based means that data input and extraction can be done anywhere with an online connection – offices, trains, planes, hotels... And this means almost infinite flexibility in routine record keeping; your out-of-office workers, for example, can input data themselves without having to come back to base. This kind of efficiency can quickly translate into greater profitability and better business planning.



It also means you can make much better use of...

### **Third party support**

Your accountant for example can also access and work with any data you authorise, meaning that their experience and expertise is no longer restricted to tying up your historic reports and returns but can be put to use helping you develop your strategic plans and react to unforeseen events as they unfold. It's not just about better data management but better all-round business intelligence and agility – just what you need to design and implement your new business efficiencies.

If you're not ticking all of these boxes, get advice from your cloud-expert accountant. And if you haven't yet switched to Cloud Accounting, you can see why you must - and right away!

But let's take a closer look at some of the other tools you're going to use, both in terms of financial reporting and strategic planning.

### **Road Map**

We've been talking about better business planning, and about measuring to monitor progress and make improvements along the way.

So we're talking about a Road Map, which brings us full circle back to where we started – with you, your dreams and ambitions, and your frustration that they remain so far off.

You know the lifestyle you want to achieve; you know how the business should support this lifestyle; and you know where you are now compared to where you want to be. Now we have to form a roadmap to get us from point A to point B. And here's how we'll do it.

### **Gap Analysis**

Your road map will be determined by your Gap Analysis – measuring the gap between where you are now and where you need to be. It's a very simple concept but will really transform your performance. However, it needs to be taken very seriously for it to work.

If you know how much more income your business needs to generate (bear in mind this will be at specific points in time as per the SMART goals section above) and you know where you are now, you can work out how much more profit your business has to make. But that's the easy part.

The tougher part is going through each aspect of your business to calculate how much each line in the accounts will need to increase (or decrease) to get you there, as well as measuring the more qualitative performance criteria I've talked about.

On the financial side you will need to consider the behaviour of each cost, whether it be variable (rising with output, e.g. raw materials), fixed (staying the same regardless of output, e.g. rent), semi-variable or stepped. For example when you calculate that sales need to increase a certain amount, you should also calculate the rise in related variable costs.

On the non-financial side, you will also need to consider things such as your capacity, how many extra staff members you require, how much extra marketing you will need to do and so on.

Without this Gap Analysis you are working in the dark – just another version of the guesswork that currently governs much of your operation. So it really pays off to take this exercise very seriously – and get some expert help to guide you through it.

## Strategy

The strategy is the over-arching method that you will use to follow your road map and reach your goals, and primarily sits within the realms of directors, senior management and independent business advice.

For example, if you have a goal to double your sales revenue in the next twelve months, the strategy could be one of several things:

- expand existing markets to increase the sales profile you currently have;
- move into different markets by rebranding your product or service, selling in different locations, etc;
- introduce a new product or service to the market-place.

There could of course be a mix of these things and they should be specific to each area. Each goal should have a strategy associated with it; reduced costs should be reflected in exact areas; and you should know how you plan to recruit and train additional staff.

Clearly an important consideration in the strategy should be how you





plan to fund your expansion, either organically out of profits or by taking on additional debt.

## **Budgets**

Your strategy requires money, and setting and reviewing budgets on a regular basis – at least quarterly if not more often - is crucial to Step 3.

Firstly, this ensures you know where the money will come from to fund and execute your strategy. If you start to drift off your targets, you can make changes to get yourself back on track

But you also need to survey what is needed to keep your business going and budget properly for repairs, replacements, etc. If you know your computers are getting old, you budget in advance for their replacements to avoid cash-flow problems when the time comes. These budgetary actions are simple but all too easy to overlook.

A detailed budget analysis will also communicate the priorities of your business to your employees and ensure that everyone knows

their role in the grand scheme of things. Meeting budget targets – or even beating them – can be tied to a powerful reward-scheme for motivating employees.

## **Action or activity plan (tactics)**

For maximum efficiency, employees at operational and at management levels need action plans to drive their day-to-day activities. Their plans will show how they are contributing to the success of the business strategies, ideally as detailed documents listing specific actions to be taken, when and by whom they should be completed.

Clearly this is a simple and effective measurement tool, and both superior to and more flexible than just a job description. Although governing daily activity, most action plans concern longer-term goals for different staff or departments. For example:

**Finance**

1. Set the launch budget by the end of this month
2. Calculate costs involved with producing the product and determine pricing three-months prior to launch

**Administration**

1. Register trade-marks by the end of the week
2. Hire additional developer for I.T. department by the end of next month

**I.T.**

1. Finish new website within the next three months

**Marketing**

1. Provide I.T. department with the artwork it needs to create the website by the end of the month
2. Conduct market-research into specific aspects of the product by the end of next month

These examples are very general and a real action plan will have more specifics and more costs involved, as well as what specific people should be working on during this period. Every part of your strategy should be supported by action plans; and every plan should be measurable, many by using your KPIs.

**KPIs tied to action plans**

Key Performance Indicators (KPIs) are, as the name suggests, the most important performance measurements in your business. Many of these will be (and should be) non-financial and intrinsically tied to the action plan.

A KPI should be a measurable aspect of your business over which each person has as much control as possible. For example, say you need your sales staff to make thirty calls a week as part of your strategy to increase sales, then this will be listed as one of your KPIs. The KPI is not the sales value per week each member of staff generates but the amount of repeatable actions they can perform to ensure that the sales value is reached.

A KPI doesn't have to be a specific action; it could be based on time, the hours spent performing a certain action, or on a discrete piece of the whole that can be measured. So, if we were to use the I.T. department example from above, the KPI could be based on hours spent developing the website, how many lines of code they complete or how many pages are finished. In other words, the KPI enables you and your staff to track their progress as they move towards a goal.

### **Review and adjust (feedback loop)**

This is the tool that brings together the previous four – strategy, budgets, action plans and KPIs. It is the tool that allows you to react flexibly to any deviation in any of these. And of course the more regularly you review progress, the more swiftly you can rectify anything that is going wrong.

Deviation can, of course, go two ways – things can also go better than originally planned. If you get a pleasant surprise it is important to capitalise on this. But where things are going badly you now have a timely opportunity to see if there are any ways to improve performance in these areas or to mitigate the effect they have.

### **Systemisation**

Measurement is only useful if you consistently measure the same thing. And systemisation – establishing documented instructions to ensure the same process or action is followed each time - is essential if your repeat measurements are to have any reliable meaning. It ensures that you compare apples to apples.

If a task is being completed differently each time, then you will get fluctuations in things like waste (including wasted time), conversion rates and any of the KPIs you have laid out in your strategy. Your measurement figures will be of little use.



But systemisation also allows you to establish if you actually set the right KPI in the first place. It's easy to find that a KPI needs fine-tuning once in use, but unless you have a solid baseline and document every adjustment you make to the KPI you cannot accurately assess any improvement.

In fact, systemisation underpins your entire efficiency improvement work. It is not a means of pinning everything down so that nothing changes; on the contrary, it is an essential tool for allowing you to make as many changes as you want, and diagnosing with precision where something may or may not be working.

But one of the best wins for you personally is that the stronger and better your systems, the more you can delegate with the security that the job is being done right each time. You can leave the business for a few days or weeks and know that you won't come back to anarchy or a damaged reputation. You and your staff are protected by formal documentation that keeps the train securely on the tracks.

"IN FACT, SYSTEMISATION **UNDERPINS YOUR ENTIRE** EFFICIENCY IMPROVEMENT WORK."

# Can we help you?

**We know this 3-Step program works – we’ve been through it ourselves!**

**As an established and growing business we face much the same challenges as you and our clients. So we took ourselves through the same three-stage process, and thank goodness we did!**

As a result, the road map for our entire business has been subtly but meaningfully redrawn. And it is partly to reflect what we already find ourselves doing more and more – strategic business advice and support – and partly to grow that further.

**Because this is the new role for your accountant...**

... not the number-crunching reconciler of your historic financial data but the expert independent eye helping you to generate bigger and better numbers.

We embraced cloud accounting – specifically QuickBooks Online – some time ago, and we already have a lot of hands-on experience helping our clients to set it up and personalise it to their needs.

**But this was just the foundation for how we now help.**

As business owners, we understand the personal ambitions you have – and the frustrations you may experience when the rewards remain stubbornly out of reach.

For ourselves, by utilising all of the tools I’ve mentioned in Step 3 above, we were able to single out the most effective services and support we can offer and to fine-tune the way we do it to maximum efficiency.



That means that we do really well – but only when we help YOU to do really well too. And this provides the ultimate reassurance that when you bring in our business expertise it will focus exclusively on your success.

### **So let's say you became a new client:**

We would start by spending a significant amount of time with you to help develop the goals, strategy and action plans. And we would definitely do a thorough gap analysis to accurately map out the time frame and resources for your strategy. But we would also help reflect on your business culture, and test this against your new goals and make sure that together we design the right road map to achieve these.

### **How long does it all take?**

We don't rush this essential preliminary process – we don't want you to get two years down the line and feel you've been going in the wrong direction. And to help, we typically focus up to three years into the future when we help you lay all this out; but of course we make sure you have detailed shorter-term goals and actions – all measurable and improvable.

### **What don't we do?**

The days of clients turning up with shoe boxes stuffed with receipts are long gone. With cloud accounting you can operate an entirely paperless system if you want. And whilst of course we still do our clients' compliance work if required, to satisfy Companies House and the tax authorities, all of that is more of a by-product of our detailed business support.

So if a potential new client knocked on the door asking simply for annual accounts and a tax return, we would have to politely decline and point them to another service provider.

**But if that same person asked for expert help to seize the business by the scruff of the neck, to examine it in fine detail, to assess the personal goals of the owner(s) and to help take immediate and tangible steps towards greater efficiency and profitability – well, yes, we'd say they had come to the right place.**

*If you want to have an initial no-obligation chat to help us explore whether or not we should be working together, feel free to either call us on 01905 21411 or email [enquiries@tlaservices.co.uk](mailto:enquiries@tlaservices.co.uk).*

## About TLA Business Services

TLA Business Services, a firm of Chartered Management Accountants and Business Advisers based in Worcester and servicing the West Midlands, is no ordinary accountancy practice.

If you simply want someone to do the books and tell you how much tax to pay, there are plenty to choose from (and we're happy to recommend one to you).

But if you want to partner with a firm who will make a real difference to your business, we should talk because we can do a whole lot more to help your business grow, to get the structure right, and to optimise your tax planning and remuneration strategy. We'll work with you through a process to improve cash flow and profits, identify weaknesses and grasp opportunities.

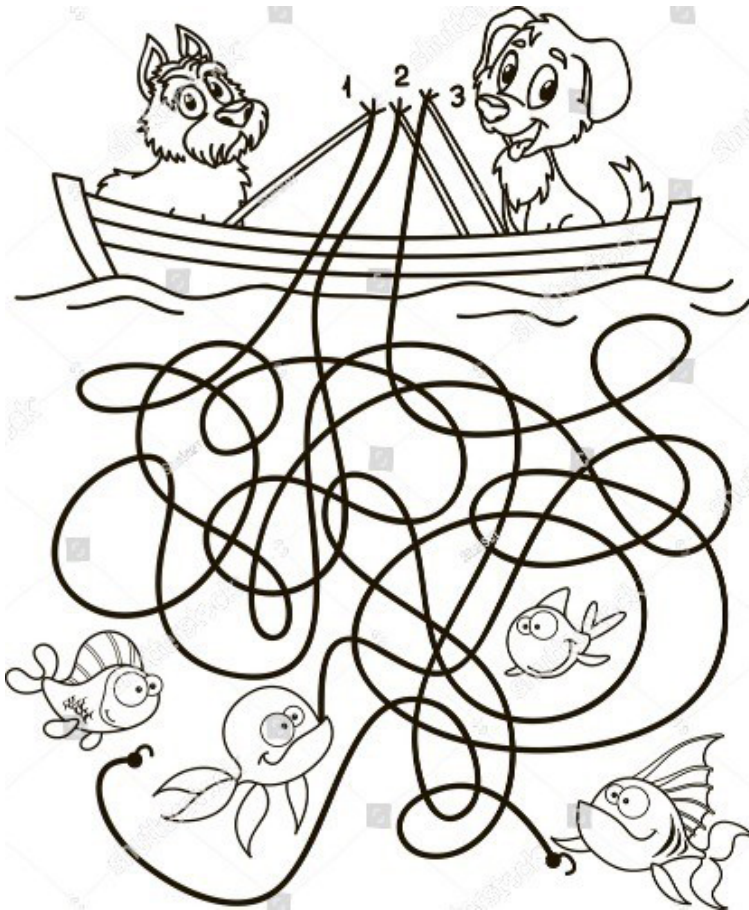
TLA is headed by Mike Tombs who, unlike most accountants in practice, has spent the bulk of his career working in hands-on roles in a range of industries, including

engineering, construction, manufacturing, the motor trade and mining. He has worked with companies based in South Africa, Canada, Zambia and Tanzania, and has held senior roles in businesses of all sizes, from small family firms to large multinational corporations.

Having worked at the sharp end of industry, Mike has an understanding of what works and what doesn't. He appreciates the realities of working without the support that comes from a large organisation. And he understands how important it is for business owners to have the security to keep building their businesses while meeting family and other commitments.



If you don't start off with the end in mind you'll never get there...





The nice thing about not planning is that failure comes as a complete surprise rather than being preceded by a period of worry and depression.

... or you could **ask us to help** and get the best of both Worlds!



Building  
YOUR Bottom Line

## **TLA Business Services**

*Chartered Management Accountants  
and Business Advisers*

**01905 21411**  
**enquiries@tlaservices.co.uk**  
**www.tlaservices.co.uk**

# **BUILD YOUR BUSINESS BETTER**

**(AND GET THE REWARDS YOU DESERVE!)**

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