

Guarantee Your Business Success

SPECIAL REPORT

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There are Seven Essential Techniques that must be adopted to Guarantee Business Success

To achieve results, a sound Business Strategy must be adopted to ensure that all your efforts are channelled correctly and efficiently.

Large Companies employ whole Departments to adopt some of the techniques necessary to achieve their long term goals, but by using “Best Practises” in selected areas, dramatic improvements can be made by even the smallest business venture.

The seven basic elements that all Large Companies use to guarantee success and Business Growth are:

1 A Business Plan

2 A Clear Mission Statement

3 The Use of Objectives and Targets

4 The Use of Business Models and Processes

5 A Clear Understanding of the Cost of Sales

6 A Management Control Plan

7 A Well Developed Customer Care Process

1 A Business Plan

A business plan is not a document that someone else tells you that you have to write; it is a complete description of your business.

A business plan explains what the business does (and will do).

Ideally, it sets out who will buy from you, who you will buy from and what you and your staff will do.

Every business owner, director and manager spends every working day (and usually most of their weekends!) thinking, living and formulating strategy for their business or department.

The challenge, therefore, is not to just get you to plan, it is to get you to record those thoughts, formalise your processes and produce a document so that you, your people, your suppliers, your customers and your financiers understand why your business exists and what you can do for them.

Business Plans have:

- a clear vision of the future
- clear and achievable goals
- cash-driven targets
- an owner that is both a leader and a team player
- an organizational structure
- operating procedures and a clear manual
- the opportunity to turn a small opportunity into a massive success

Your Plan

Your Business

Your Success

2 A Clear Mission Statement

A Mission Statement describes what your business will be doing over the next 3 to 5 years and should be combined with a Vision, which outlines where you will be in the longer term.

The Vision is what drives you forward, the Mission Statement explains how you will achieve the Vision.

Your Mission Statement should be defined very precisely from the business you are in, as it identifies exactly what your readers, employees, suppliers and clients should be working towards achieving, or what they should be expecting from you.

It is important to focus on the business and client needs and benefits, rather than on products.

Actual Example Frozen Pizza Shop, Alaska

The Frozen Pizza shop is dedicated to producing the lowest cost square meals in Alaska.

Our goals for the next three years are to:

Improve customer satisfaction by doubling the number of fish toppings that we offer and reducing the maximum home delivery time to three days.

Improve working conditions by reducing the working week to 50 hours and providing a fur hat and motorised ski bike for each employee.

Double our market share.

This example demonstrates clear market focus, has set targets and timescales.

The three years would be replaced by actual and specific dates in any formal document

3 The Use of Objectives and Targets

Objectives and Targets are critical to your success.

A “wish” is an Objective or Target that has not been written down.

If you haven’t written your Objectives and Targets, you’re just wishing for success.

When creating Objectives and Targets, use the SMART formula.

- S** Sensible
- M** Measurable
- A** Achievable
- R** Realistic
- T** Time specific

Your Objectives and Targets should include a variety of elements and include Annual Sales Revenue, Gross Profit, Sales per person, Units sold, Number of Clients and Number of Clients acquired.

When the Objectives and Targets have been established, they can be Incorporated into a reporting mechanism and included in the regular Management meetings.

Once set, processes should be put in place to internalise them with all team members, such as reviewing them in Staff Meetings, displaying them on Notice Boards, which can then be combined with awarding achievement prizes.

4 The Use of Business Models and Processes

One of the most overlooked and under-rated areas in Small Businesses, is the use of tried and tested models and processes which allow you to save time and improve efficiency by being systematic.

Systems

- S** Save
- Y** You
- S** Stress
- T** Time
- E** Energy and
- M** Money
- S** Successfully

A system is a business process that generates predictable, consistent and replicable results day after day.

When performed correctly, they can prevent duplication, waste, chaos and lost sales.

Most small companies actually have systems, but they are not documented, which means that it is difficult to train employees.

Optimise and automate every potential area of your business.

This does not mean that you must “Re-invent the Wheel”, as there are many examples in circulation that can be easily copied or obtained.

It is important to use best practises and methods that have a proven track record.

If your assistant left today how would you train the new one?

Get your current assistant to document what and how they do what they do so well. If you are forced to hire a new one, you can hand over the manual and say “learn it, know it, and live it!” to the replacement.

5 A Clear Understanding of the Cost of Sales

A fundamental requirement for any Business Development, is to understand and analyse the various factors that relate to the way in which the financial elements impact on how the Business will make money more effectively.

The Profit and Loss account shows whether the business in question has made a profit or loss in the period of the accounts, which is usually a year.

The Balance Sheet shows the assets and liabilities of the business on the last day of the period covered by the Profit and Loss account

A typical P&L account will contain at least the following headings:

Sales (or Turnover); Cost of Sales (such as raw materials);
Gross Profit (or Gross Margin); Selling and Marketing Expenses;
Administration Expenses (rent, rates, office expenses);
Financing Costs (overdraft interest); and Net Profit.

A quick examination of the key figures in the P&L account can answer fundamental questions such as:

Is the turnover increasing?
Is the gross profit percentage improving?
Are the overhead expenses under control? Is the net profit sufficient?

The Gross Margin (the difference between the sales and the cost of sales) is probably the most universally monitored performance measure for small businesses.

The accounts can also be used to calculate the break-even point of the business.

This is the minimum sales level required for the business to cover its Fixed Costs.

In the end, business is all about net profit, which is kept healthy by keeping overhead expenses under control.

The most effective number to measure is the net profit as a percentage of turnover, which is a good indication as to the way the company is moving.

6 A Management Control Plan

The most critical part of successful business development comes from accurately measuring aspects of day to day activities that actually get results. These are popularly known as the Key Performance Indicators.

There are two ways to view how you need to proceed:

You can move towards the things that you want

or

You can move away from the things that you don't want

This is a very simplistic view, but easy to understand.

For example, are you trying to achieve a 30% market share,

or

are you increasing your market share to stay ahead of your competition?

A Management Control Plan will measure changes coming into the business, by looking at where it occurs, how it occurs and the impact achieved.

The fundamental aspect of any plan is that it should also follow the SMART formula, which will lead to Action being taken.

The 3 main questions that you need to ask are:

1. What action am I taking now to ensure success?
2. What action did I take last week to ensure success?
3. What action will I be taking next week to ensure success?

7 A Well Developed Customer Care Process

Always remember that once you sell your product or service and the customer walks out of the door, that although you do need to move on to the next prospect, your next prospect may have just walked out of the door.

The tendency is to think that once a sale has been made, especially with a “high price” item, that a new customer is required.

The fact is that you should be trying to get 60% to 75% of your business from your existing customers from repeat business and referrals.

This can be achieved by providing exceptional service, which should be supplemented by customer appreciation events, regular Newsletters, direct mail and email offers and rewards

This provides multiple streams of activity directed towards the customer to generate repeat business, testimonials and referrals.

Always work hard, effectively and sincerely on your customers behalf, making their success your fundamental objective, as this will reap the greatest rewards.

The two biggest guiding principles that underlie every aspect of your dealings should be:

1. At every stage of your interaction, imagine yourself in your customers shoes and particularly empathise with their commercial and cultural goals.
2. Always strive to objectively solve your customers problems and help them to face up to their challenges.