

TOP TIPS FOR GROWING YOUR BUSINESS



For a business to grow successfully, it needs to know where it is now – and where it's capable of going in the future. That means not just having the right financial information, but getting it to work for you.

Having accurate financial information is critical in order to make the informed decisions necessary for your business to grow. Do you expand into new markets? Take on more staff? Invest in new equipment? Whatever the question, you will get the best answer by being able to tap into the financial information your business can provide.

Potential barriers to success

Not every business survives. Recent statistics show that of UK businesses starting up in 2011, fewer than half were still active five years later. Businesses can hit problems for a variety of reasons – commonly cited are: competition from larger businesses; lack of sales; cashflow problems; failing to monitor performance and results; and taking too much out of the business. The best strategy to surmount these is to use the financial information your business can provide.

Gathering information from your business

Your business can provide crucial real-time information to help you expand. End of year accounts alone are not enough for management purposes: they are usually prepared six months or so after the year end, and lack the detail to make meaningful comparisons.

Ongoing monitoring

Monitoring the figures on an ongoing basis through the year puts you in charge of what is happening. You can then compare actual and expected performance, actual results and historic results. You can minimise risk and identify opportunities. Should the business need to make changes, you are in a position to make earlier, targeted interventions. If there is a downturn in cashflow, for instance, your response can be the more rapid. As part of your ongoing monitoring, you could include:

- daily or weekly sales – how do they compare with last year and with predicted levels?
- bank balances
- monies owed to the business

- monies owed by the business
- projection, showing expected receipts and payments over a short period.

What should I record?

At the very least, you will probably want to monitor business performance on a monthly basis. However, it's your decision how up-to-date you need your financial information to be. Do you want your cash position and cashflow forecast updated on a daily basis, or a weekly basis?

Tailoring analysis to your individual business can help you identify opportunities for improvement. Do you want to go deeper than just looking at overall profitability, to product-by-product profitability? Would analysing your sales data and margins, benchmarking these against your competitors' prices, help you see where changes in pricing could increase profitability? Do you want information on customer payment patterns to identify which customers may be potential bad debts?

Your business plan

Your management information can be used to put together an annual business plan. This is something many businesses think of in terms of raising finance.

A forecast profit and loss account will help you quantify all potential costs. A common business mistake is to set sales prices based only on the direct costs of a product, forgetting to factor in business overheads, such as rent as rates. The profit and loss account forecast in your business plan can then help you set sales prices at a viable level, reflecting what you need to survive and expand.

Managing cashflow

The trick to managing cashflow is to start with the real time financial management data from your business. With that data you can make better decisions about what your business should be doing. Cashflow forecasts work alongside budgeting and planning, helping you understand what your business can afford.



Has the business enough working capital to meet day-to-day cashflow requirements? You can improve day-to-day cashflow by reducing stock. Do you need more disciplined credit control? Do you chase up overdue debts? Should you offer credit to new customers before offering credit to existing customers? Is your cash 5% lower than projected? Monitor the future cash position and place if needed.

Turnover vs profit

It's a common mistake to focus on turnover rather than profit. About projected facts for turnover increase per

Security

Getting for financial will play invest

Source overdraw venture

There are or release disadvantages include lease invoice discou

Debt factoring customers have of invoice value im customer pays. Factor your business's sales ledger Invoice discounting is another finance. Here the financier does your debts: instead they lend you m

Alternative sources of finance

Where a bank is unable to provide funds, a business can against the decision. It also has a right of referral, within 30 days, to a government designated platform, which will try to match it with a lender. The British Business Bank, which is government owned but independently managed, is a good source of information on small business finance: www.british-business-bank.co.uk.

There are a growing number of alternative sources of finance. Private individuals known as 'business angels', for example, now put some £1.5 billion into UK business activities each year, making them the UK's largest source of investment for start-ups and early-stage businesses. Their investment can vary: individuals typically invest between

£10,000 and £50,000. Angel syndicates can provide investment at higher levels than this. Further information can be found

crowdfunding, such as reward and peer-to-peer lending finance, whereas P2P is normally search borrowers and lenders, an. Funding Circle is of debt finance these newer applications be higher with its own areas.

is in ive ctors.

ely new tax Enterprise in all cases, ment must tion is paid on any aspect of

for the ent use e usually a trading com

How we can help

Good financial management is critical to the success of your business. We can provide comprehensive financial management services, producing regular management accounts on your behalf. Alternatively, we can help you set up your own management systems. We would be happy to advise further on any aspect of managing, growing or financing your business.

Please do not hesitate to contact us.

Factsheets
are available in the following formats:

- Printed personalised factsheet**
£120 for the first 100, then £30 per 50 run on.
Black logo free. Colour logo £110. Delivery £15+VAT
- Personalised PDF – £130+VAT**
Intended for emailing or displaying on your website.
- Non-personalised PDF – £110+VAT**
- Text-only Word format – £110+VAT**
Ready for you to copy and paste into your literature or a letter, email to clients or display on your website.

ORDER NOW CLICK ME

DISCLAIMER: This newsletter is for guidance only, and professional advice should be obtained before acting on any information contained herein. Neither the publishers nor the distributors can accept any responsibility for loss occasioned to any person as a result of action taken or refrained from in consequence of the contents of this publication.