

Some of the simplest strategies can make a huge impact on your business

The pressures of daily business can often mean strategic planning takes a back seat – but to have a successful business you must plan ahead

Most businesses, once established, tend to grow steadily and organically until they become self-sustaining which, for many, is fine. Typically, a business that is ticking over provides an income and lifestyle to which its owners become accustomed.

Imagine, though, the impact of implementing a new business strategy that improves or fast tracks results?

This is exactly what happened when a Collins Hume client's new General Manager brought fresh eyes into the business, offering new ideas and insight regarding business management and growth.

Often, business owners don't know how to tap into the greater potential of their business unless fresh eyes make it apparent. In this case, the new GM of the business — a specialist environmental consultancy — moved to tighten up in-house bookkeeping and put the accounting budget towards strategic business advice.

Through a few exploratory discussions with Collins Hume, the business came to know about our strategic business advice. Once the bookkeeping was optimised to address their monthly reporting needs, the business was in a position to ask: 'what if?'. That's where Collins Hume stepped in with the tools and resources to assist.

We started with our Risk and Value Driver Assessment (RAVDA) – our independent valuation providing answers to the questions that need to be asked about the value of a business. This served as a great starting point, because the business was able to learn what drove profitability, improved cash flow and added value.

We then looked at benchmarking and company utilisation. For our client's industry, this translated as average billable rates, the latter increasing relative to the type of work involved, therefore improving business profitability. With the aim of the business being to grow the team by creating opportunities for new staff to join their talent pool, this analysis was invaluable as systems were implemented to make this happen.

We also looked at pricing and employing more people to allow the business to attract more work. The new GM said, "This process gave us the tools to consider both options to assess profitability scenarios. Our plan is to grow, which we can do by educating our younger team, retaining them and having a succession strategy.

Following the RAVDA, they attended Surf the Wave to Success in 2011. The Struggle or Success event consolidated their most recent benchmarking efforts: "We keep working at it and revise every six months to see how we're travelling to see if we're pushing up the capitalisation rate," said the GM



Our work with our client is now an ongoing process

The next 12 months sees further 'what-if' planning; the goal is to develop the business over ten years by increasing wealth and keeping the value growing so the older partners secede in time and give younger staff a career path.

"Some of the big things being targeted are cash flow – moving out the cash cycle – and tidying up our systems. Until then, it's good to have the support and advice from Collins Hume when you need it. They are extremely helpful; their new ideas shape our own ideas – simple ideas, which they help us to implement. We are really happy clients, which in no small part has been elevated by the work we did together at Surf the Wave to Success last year."

Collins Hume's Business Advisory team added, "Establish a strategic plan that looks at where you want your business to be in the next 3-5 years and exactly how you and your team can achieve these aims and objectives."

The first step in improving your business is knowing who can help you. Invest some time today to see us to discuss how we can assist you in improving your cash flow, increasing your profit and growing your business value.