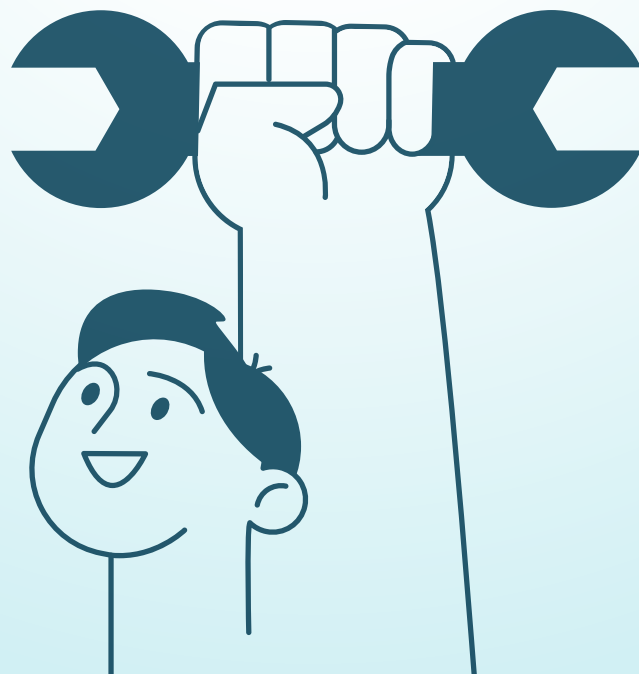


■ MALLOCH M^cCLEAN

SMARTER BETTER BUSINESS

Building *a* Better Business *in* Ten Steps



You're in business, congratulations, that takes courage and commitment.

It's not easy, and at times you might question why you're even doing it, particularly after the impact Covid-19 and the associated lockdowns had on business.

But you're here because you had a vision. You decided being in business was a better way to achieve that vision than working for someone else. And, you're right; you just have to work on it.

It's likely that you're an expert at what you do... maybe you're a mechanic and know the inside of a car engine like the back of your hand. Or, maybe you're a fashion retailer who can style anyone. This doesn't mean you're an expert at running your business though. It's hard taking time out of working in your business to work on it. But doing this is essential for its success.

There's no magical overnight solution to building a more successful business. It's about taking small steps every day to get a bit better than the day before.

So, what should you do to build yourself a more successful business? We've broken it down into 10 essential steps:

1. Get clear on exactly what it is that you want
2. Be open to change and new learning
3. Define where you are now
4. Make a plan
5. Get your organisational structure right
6. Be a better leader
7. Get someone independent to hold you to account
8. Build strong networks
9. Monitor your progress
10. Keep your well of happiness full

So let's get started...



Step 1.

Get clear on exactly what it is that you want

What exactly does your better business look like? Be crystal clear on what you want from your business; it's there to serve you, not the other way around.

The average person spends 40,000 hours at work over their lifetime and life is simply too short to be stuck doing things we don't enjoy. Make the most of your time and do what you love doing.

To build the vision of where you want to be in the next 12 months, answer the following questions on a piece of paper.

1. Who do you need to be right now?

Stop having a mindset of 'when I have this, I will do that, and I will be this'. Instead, think about who you need to be right now and start acting in a way that's consistent with that person - doing what you need to do to get what you want to have.

2. What do you love doing outside of work and at work?

Define the things that you love doing most. We all have tasks we don't enjoy doing and put off for as long as possible. Determine which tasks can be delegated to free up more time to do the things you love.



3. How many hours will you commit to the things you love doing?

Write down how many hours a week you'll spend doing what you love. Commit to doing this - tell someone so they can hold you accountable and block out time in your calendar. Setting aside time to do things you love doing is a great way to start taking back control of your life.

4. What holidays do you want to have?

Write down where you want to go and when. Be specific so the image is implanted in your mind. Block out the time in your calendar now.

5. How much income do you need to deliver on this new life?

Write down a figure. Don't worry about how you'll achieve this right now, just write it down.

You now have your own personal plan for what you want to get out of your business. Make this visible and start working towards it now.

Step 2.

Be open to change and new learning

It's amazing what we, as humans, don't even know that we don't know. New learning opportunities are everywhere, and in this digital world, there's simply no excuse to avoid new learning.

Consider how many new things a five-year-old learns each day. Children enthusiastically embrace the world of possibility and the desire to learn. Why is it that, the older we get, the more likely we are to close our minds to new learning?

We're all busy, and sometimes we feel like we just don't have the time to sit down and read a book. We need to make the time. Set yourself targets and share these with someone who will hold you accountable to achieving these.

Here are five ways to learn more, positioning yourself to run a better business:

- 1 Read more**

If you struggle to find time to read, set a reminder on your phone to read before bed each night. Start with reading 10 pages, then increase this each week. Mix it up with recreational books and business books. As a bonus, it will help you sleep better!
- 2 Resist the urge to hang out on your phone**

Unless you're learning something new. By the way, you're unlikely to learn on Facebook! Try an eBook, audiobook, podcast, or learning app instead!
- 3 Enrol in courses or workshops**

These can be online or in person. Choose topics that interest you and will help you in your business.
- 4 Turn off your TV**

Unless you're viewing TED talks on YouTube or content that is useful learning.
- 5 Keep a journal of your learnings**

Review your journal of learnings regularly. Remember, you don't really know something until you can teach it to someone else.

So, what areas should you be learning more about? It could be leadership, management, sales, or writing skills. Find out the best ways to develop your knowledge and set aside time to learn. Don't forget to ask someone to hold you accountable. Maybe you could buddy up with someone and meet regularly to share your learnings? Once you begin learning, your hunger to learn will grow.

Step 3.

Define where you are now (warts and all)

This crucial step is so often overlooked. But without knowing your starting point, you don't know what your path to success looks like. It sounds obvious, but many business owners plan for the future without fully understanding where they are now.

Answer the following questions honestly to help define where you are now (warts and all):

- 1. How aligned are the owners / leaders of your business?**
If asked independently, would the leaders have the same vision for the business? Conflict must be addressed and thinking aligned before we can plan the future.
- 2. What activities are generating your current results?**
It's not just about the sales numbers, but the activities driving your results. Consider the number of leads you're generating, your proposal or quote conversion rate, average sales value, etc. It's essential to know these numbers now so you can improve them.
- 3. How engaged is the team to deliver your vision?**
Businesses with a great culture and an engaged team significantly outperform those without. Your team needs to understand how their roles contribute to the overall vision for the business. Without the team on board, you won't achieve leverage.
- 4. How appropriate are your measurement and reporting systems?**
If you can't measure it, you can't improve it. Review the systems you use to measure your results. Do they provide accurate and useful information? The decisions you make are only as good as the information they're based on.
- 5. What are your five biggest vulnerabilities right now?**
What keeps you awake at night? Is there industry disruption? Is there new legislation that could impact operations? Are your systems robust? Do you have high team turnover, succession to plan for, cashflow strains, or a weak Balance Sheet?

Take the time to define where your business is at now. Be honest and identify the weaknesses in your business so you can take steps to improve.

Step 4.

Make a Plan

You know what you want from your business; now it's time to plan how to get it.

Start by deciding what you want personally from your business. For example, if you need \$100,000 p.a. to cover your living costs and a family holiday, and your overheads are \$100,000, your gross profit needs to be \$200,000. If your current gross profit margin is 50%, then your annual sales need to be \$400,000.

Make sure your plan is linked directly to how you'll achieve what you want personally from the business, e.g. \$100,000 and a six-week holiday.



Follow these rules to create a solid plan and achieve your goals:

- 1. Keep your plan on one page.**
Double-sided if you must.
- 2. Set a maximum of four main goals for the year.**
These should be broken down into 90 day goals and actions to ensure you work towards your annual goals.
- 3. Identify five Key Performance Indicators (KPIs).**
Any more than five and you'll lose focus. Pick the KPIs most likely to have an impact.
- 4. Share the plan with your team.**
Ensure their goals align with your plan. Help them define their own actions and the KPIs they need to achieve.
- 5. Keep the plan visible.**
Track your progress against the plan and celebrate success with your team along the way.
- 6. Review your plan at least quarterly.**
Make sure you're completing your 90 day actions and achieving your 90 day goals. Update the plan with new goals each quarter. Having someone independent hold you to account helps.

Your Business Plan is the most fundamental document in your business. It acts as a how-to-guide to achieving what you want from your business.

Step 5.

Get your organisational structure right

Your ideal structure will allow your business to become more efficient and achieve economies of scale. This increases your bottom line returns at a greater rate than your revenue. Your organisation structure should allow your revenue to increase without creating bottlenecks.

An organisation structure should show all ten departments in your business, who is responsible for what, and how the hierarchy works.

Each department should have only one leader. The same person can lead more than one department, but two or more people can't lead the same department.

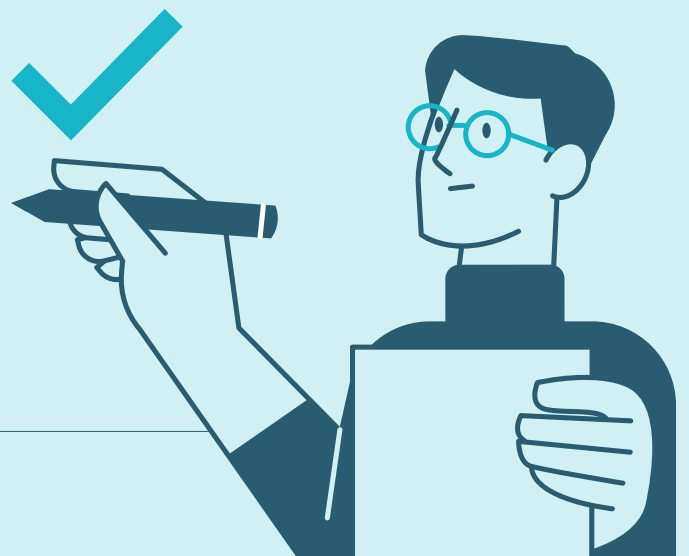
If you're the owner of the business and currently lead multiple departments, ask yourself how well you're leading each department. It's likely there are some you don't enjoy as much as others and procrastinate doing the tasks within that role.

Consider outsourcing or training one of your team members to take over the leadership of those departments you've been neglecting. They'll likely do a better job and you'll free up some time! Remember, overloaded team members (you included) are more likely to make mistakes. Also, paving the way for your team to grow and develop improves loyalty and engagement.

It's important that your Organisation Chart is a living and breathing document that your team understands and works in sync with. Check in regularly to ensure your team is aligned with the structure and the hierarchy is being respected. During performance reviews, discuss whether there have been any changes to each team member's role and update the chart to reflect these.

Every organisation has 10 departments:

1. Shareholder.
2. Director.
3. Leadership.
4. Product / Service Development.
5. Operations.
6. Marketing.
7. Sales.
8. Finance.
9. HR.
10. Admin / Technology.



Step 6.

Be a better leader

Being a better leader and building a strong workplace culture is crucial to having a better business.

Have you ever considered whether your workplace is toxic? With the average person spending more than 40,000 hours of their life at work, a workplace should be an enjoyable place to be.



We all have bad days, but if the following bells ring... your workplace may be toxic.

1. **A lack of trust between owners and the team.** Is there a sense of 'us' and 'them'? Everyone should feel part of the team.
2. **No Core Values.** Or, worse still, Core Values which aren't being lived into.
3. **After meeting meetings.** Those chats after a meeting where team members go on to discuss the meeting or criticise decisions made.
4. **Highly stressful interactions.** Disagreements will happen from time to time, but these should be the exception, not the norm.
5. **Team members and owners mistreating each other.** They may be working in self-serving ways rather than benefiting the team and business.
6. **No team buy-in to the core purpose or the business's goals.** Or, an absence of purpose or goals completely.

To create a stronger and happier workplace culture, consider the following points:

- Develop your Core Values, with help from your team.
- Define your purpose; why you exist for your customers - and make it clear to your team how their roles deliver on your purpose.
- Make your Core Values and purpose highly visible so your team know them and hold each other accountable to living into them.
- Set annual and 90 day goals for each team member so that the sum of the individuals' goals can deliver on your overall Business Plan.
- Celebrate success and recognise team members for great performance.
- Meet regularly with the team and give everyone the chance to be heard.
- Avoid being held ransom by toxic employees by showing them the 'door of opportunity'.

A toxic culture will inhibit the success of your business. Take an honest look at your culture and make changes to help build a strong workplace culture.

Step 7.

Get someone independent to hold you to account

Have you ever set a New Year's resolution and then reset the same one again the following year? It's widely recognised that approximately 80% of New Year's resolutions fail. How can we increase our chances of successfully achieving our goals?

Accountability.

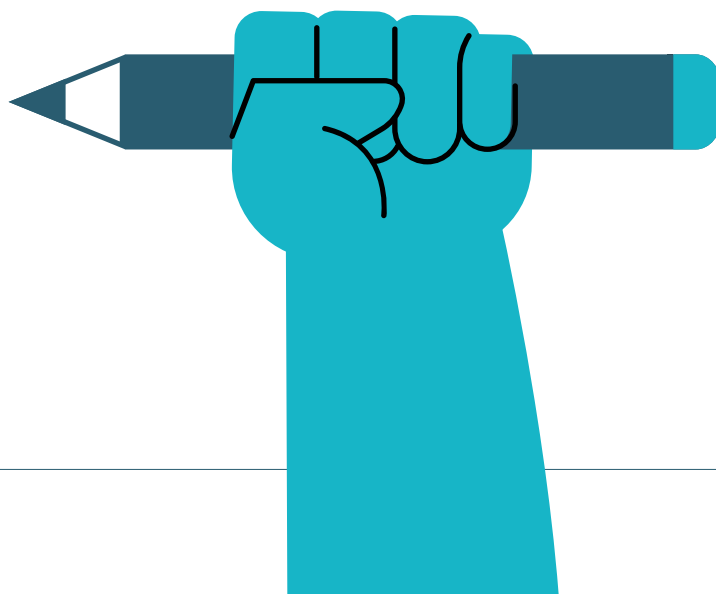
The most foolproof way of ensuring you complete the actions you've committed to is to give someone nagging rights to follow you up. This may be your personal trainer at the gym who makes sure you show up at 6am, or it could be your accountant who checks in on you every 90 days to make sure you're on track to completing your actions and achieving your business goals.

A soft coach will encourage soft results.

If you think about the type of coach a successful sports team would benefit from, would it be a hard coach or a soft coach? It's no different in business. We all need someone with the backbone to hold us firmly to account and follow through on consequences for failure to act ('give me 100 burpees!').

A soft coach, maybe a life partner or a friend, is likely to worry they'll upset you if they nag about inaction. They're likely to accept your excuses. Whereas a hard coach isn't going to worry about hurting your feelings and they won't accept excuses. That doesn't mean they don't have a heart. Great coaches have backbone and heart; they just care more about your results than your excuses.

If you really want to achieve your goals, seek accountability from a coach who'll console you after you've done the burpees, one who discourages inaction, and enables you to achieve.



Step 8.

Build strong networks

Referrals are the easiest way to generate new business, and building strong networks is a great way to generate referrals. Networking and referrals are cost-effective ways to grow your business, as the return on investment can be huge. Think about the types of networking you can undertake and encourage your team to do the same.

Five ways to maximise referrals from your networks:

- 1. Consider the lifetime value of a new customer.**

Calculate the revenue you're likely to generate from a new customer, then consider ways you could reward them to show appreciation for their repeat business. For example, you could send them a bottle of wine, a voucher towards their next purchase, or cash back. They're likely to spread the word.

To calculate the lifetime value of a customer, use the below formula:
Average transaction value x average number of transactions x gross profit margin x customer lifespan
- 2. Identify businesses that complement your services.**

What businesses have a mutual interest in your customers but aren't your competitors? For example, a surveyor may work with lawyers, bankers, accountants, and tradies, and they can all refer business to each other. Create an informal group and commit to meeting regularly. At each meeting, be sociable and have fun but also discuss how you can work together more effectively!
- 3. Focus on referring more to your networks than you're seeking in return.**

Giving work to others will encourage referrals in return - this is called The Law of Reciprocity. When you do something nice for someone, they'll have a deep-rooted psychological urge to do something nice also. The more you refer, the more you'll receive in return. And, be sure to thank your referrers!
- 4. Find out where your target clients hang out in the greatest numbers.**

There may be existing networks that you can join right away that will result in referrals, e.g. BNI, Rotary, Chamber of Commerce, etc. Find out which one is most relevant to your business and join.
- 5. Get involved with non-profit organisations.**

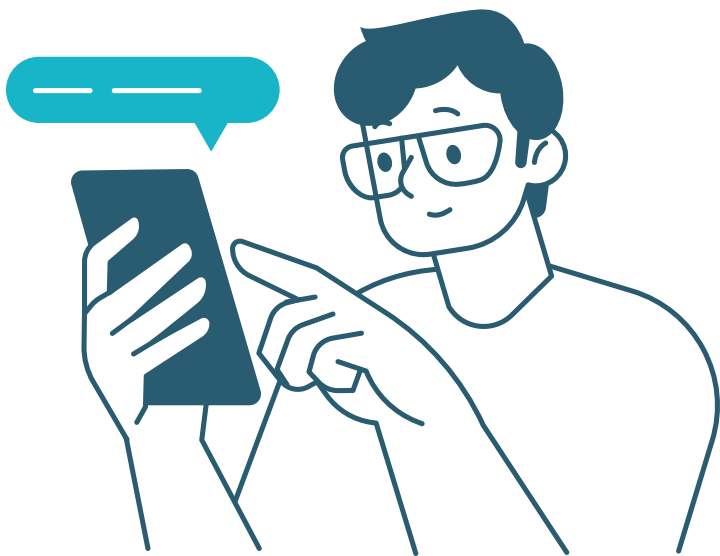
Choose an organisation that you or your team are passionate about, be that a sports club or a local community organisation. Avoid 'peddling your wares' when working with the organisations. Simply wear branded clothing and have signage where appropriate. Prospective customers need to know you, like you and trust you before they'll buy from you.

Step 9.

Monitor your progress

When you're driving, there are certain things on your dashboard that you keep an eye on - your speed, your fuel level, and the engine's temperature.

It should be the same in your business. You should have a business dashboard with 3-5 key things you're monitoring regularly.



Use this four-step process to create your own dashboard:

1 Determine which Key Performance Indicators (KPIs) should be on your dashboard.

These KPIs should have the greatest influence on you achieving your goals. For example, it could be the average hourly rate invoiced, your gross margin for any job, or the average transaction value for a certain period of time.

Which of your KPIs, when increased or decreased, will have the biggest impact on your future results? Choose no more than five to measure and have on your dashboard.

2 Work out how to measure your chosen KPIs.

The measurement process should be automated wherever possible. Most accounting software will measure your financial KPIs.

3 Produce a simple one-page report.

Produce this either weekly, fortnightly or monthly to track your results and progress. Set aside time to go through this report every time it's produced and share the results with your team.

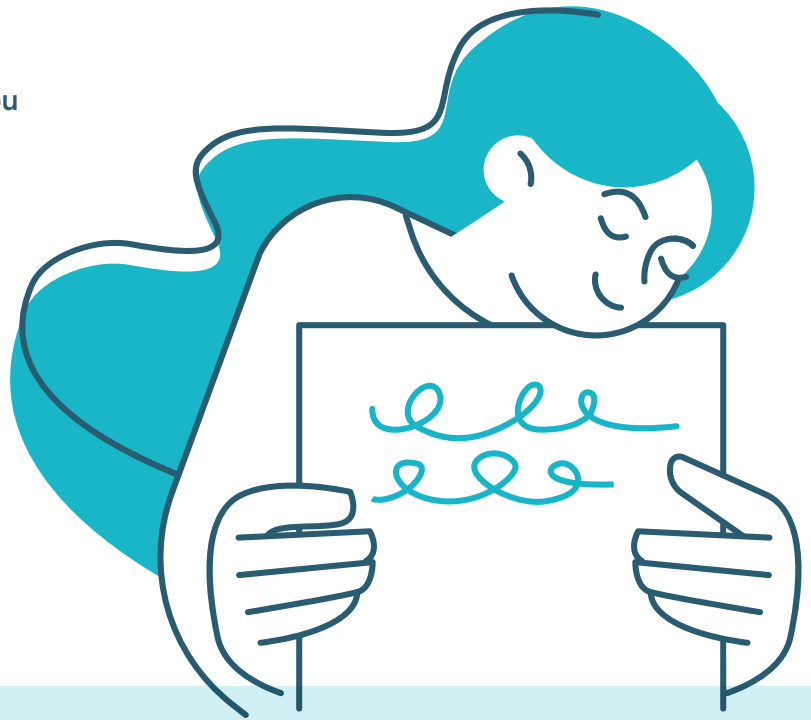
4 Repeat these steps with your team.

Identify the KPIs each team member should be monitoring. These will be different from the KPIs for your overall business. KPIs help your team understand the definition of a great day's work for them. Monitoring and reporting the KPIs regularly will help your team know if they're on track.

Step 10.

Keep your 'well of happiness' full

This should be something you focus on all the time. Just as the flight attendants tell you to put the oxygen mask on yourself before helping others, it's the same in business - you need to look after yourself at all times.



What are the things that fill your 'well of happiness'?

These are activities that restore your energy and resilience levels and help you face challenges in your business. It could be dancing, yoga, mountain biking, reading, weightlifting, cooking, or meeting friends for coffee. Most likely, they're the things you just don't feel you have enough time for right now.

Of course, you do have the time; you have the same number of hours in your day as Einstein or Helen Keller had. You're just choosing not to spend your time on these activities.

Make a list of the pastimes that make you happy. These are things you keep putting off doing because you think you don't have time or feel guilty about taking time out of your business to enjoy.

Now, make a commitment to yourself to spend at least 1 hour per day doing these things. Share that commitment with your business mentor or someone who'll hold you accountable to spending your time in this way.

Lastly, set aside time in your diary to do these activities until they become an ingrained habit.

Keeping your well of happiness full reduces stress and restores your energy, both crucial to life and business success. So, make it a priority.

Building a better business will help you achieve the life you want...But you don't have to go it alone.

As your Chief of Finance for hire, we'll help you profit more, pay less tax and achieve the life you want. We'll stand beside you in your business, helping you succeed faster and achieve more.

With almost a century of experience and a multi-award-winning team, you'll find peace of mind knowing you are building a better life through better business.

Getting started is as easy as

1.

Book a free consultation

We'll match you with an expert in your industry to discuss your business and goals.

2.

Get a bespoke plan

You'll receive a tailor-made plan to save you money, increase your profits and help you get ahead.

3.

Grow your business

We'll partner with you to take the stress out of your finances and help you build a smarter, better business.



Are you ready for more?
Book a free consultation



Malloch McClean is a core member of our team, standing with us through the bad times and the good. With their help, we've looked uncertainty in the eye, smashed our goals and continued to grow.

Nicki Deane — The Grape Escape Café



Finally, people who speak my language — not just numbers! My mentor helped me to make a plan, increase my profits and future-proof my business. He even helped me become a 50% stakeholder.

Jo Neale — Homes By Orange



You don't have to go it alone in business. My mentor supports and challenges me and, best of all, keeps me accountable. I've grown steadily, taken on more staff and become much more profitable.

Tony Mennell — T&T Property Management



They're innovative and quite brilliant - more than just accountants. They understand what's important in your work life and family life and where you should be heading. Together, we're building a smarter business.

Lynley Cassel — Grassy Downs Farm



Invercargill Office

101 Don Street
Invercargill 9810
03 214 4166

Nelson Office

315a Hardy Street
Nelson 7010
03 545 6565

hello@mmca.co.nz

www.mmca.co.nz