

Key issues in running your business

Your guide to success

'I haven't got time to sort out my priorities' — that's the cry of so many owner-managers submerged by the day-to-day demands of running a business.

This is a special Directors' Briefing to help the ultra-busy entrepreneur stand back for a moment from immediate problems and opportunities. It identifies the key issues for owners and managers of small and medium-sized enterprises and points to the specific Directors' Briefing covering that topic. In just four pages, each Briefing gives you expert advice on how to run and develop your business. Directors' Briefings cover more than 160 topics.

To get a copy of the briefing you require, please contact your Directors' Briefing distributor.

1 Your permanent priorities

You must keep constant track of five crucial areas if your business is to succeed.

1.1 Concentrate on winning and keeping customers.

- Continually improve your understanding of customers and the competitive environment to refine your marketing plans and take advantage of new opportunities. See **Research for your marketing**, **Planning your marketing** and other marketing titles.
- Promote your business and your products. See **Advertising strategy**, **Direct mail**, **Effective PR**, **Exhibitions**, and other titles covering marketing methods.

1.2 Monitor your **cashflow** closely.

- Cashflow is the balance of all money flowing in and out of your business, with the main inflow usually coming from sales. The more warning there is of cashflow peaks and troughs, the more time you have to deal with them.
- You must know when to focus completely on sales and getting your invoices paid. See the Directors' Briefings **Managing your cashflow**, **Budgeting**, and related titles.
- Planning ahead will make it easier to arrange any additional funding you may need. See **Overdrafts and bank loans**, **Factoring and invoice discounting**, and associated briefings.

1.3 Make sure your **employees** are performing effectively and are overcoming any problems.

- Start by recruiting the right people. See **Recruitment, Graduate recruitment, and Interviewing**.
- Lead and motivate your employees. See **Motivating employees**, and related titles.
- Monitor your team's performance by holding regular reviews. Discuss and resolve any problems and frustrations — otherwise employees will find other jobs. See **Performance appraisals**.

1.4 Develop your **selling** skills.

- Make sure that you, and all employees who interact with customers, have the right training, attitude and approach. See **Selling technique**, and other selling titles.

1.5 Control your **costs** carefully.

- This is often the easiest way to improve your short-term profitability. See **Cost control, Purchasing, and Negotiating a purchase**.

2 Minimise risks

Your business will inevitably face a wide range of potential risks. But with good management, you can reduce them significantly.

You should also put contingency plans in place to help you cope if things do go wrong.

2.1 Take out any **insurances** you need.

See **Insurance to protect your business, Managing insurance risks**, and other insurance titles.

2.2 Build **customer loyalty** to reduce the risk of losing a key account.

- Diversify your customer base to avoid excessive reliance on one account. See **Building customer loyalty**.

2.3 Always control your **cashflow** (see 1.2).

- If disaster threatens, take positive steps. See **Insolvency**.

2.4 Treat your **employees** fairly to minimise the risk of resignations.

- Offer competitive remuneration and

a pleasant and rewarding working environment. See **1.3, 3.4**, and **Remuneration** and related HR titles.

- Share knowledge and skills to avoid relying too heavily on one key employee.

2.5 Make sure your **computer systems**, and the data stored on them, are secure.

- Take regular back-ups so you can restore data if your system crashes.
- Set up manual systems that will allow you to carry on working when PCs are down. See **IT disaster prevention and Security and the Internet**.

2.6 Make sure you comply with the **Data Protection Act** if you process information about other people for business purposes.

- All information on computers — and most held manually — is covered by the Act. See **Your firm and the Data Protection Act**.

2.7 Major problems with your **premises** can be both disruptive and expensive.

See **Moving premises** and related premises titles.

- Secure your premises. See **Securing your premises**.
- Failing to act soon enough when a lease is due to expire, and being caught out by large increases in rent and rates, are common problems.

See **Renting premises and Rent reviews and rating assessments**.

2.8 Negotiate solutions to **disputes** if you can.

- If you have to go to court, make sure you understand and follow the key steps involved. See **Suing and Being sued**.

2.9 Get advice and help if you plan to trade **internationally**.

- Contact UK Trade & Investment (020 7215 8000).
- Visit the British Chambers of Commerce Export Zone website at www.chamberonline.co.uk/exportzone. See **6, Import finance and Export finance**.

3 Improve efficiency

Investing time and money in training and in effective tools and systems can pay long-term dividends.

“When starting Shelfbar I had a great product concept but no experience of establishing and running a business. The Directors' Briefings produced by Business Hotline Publications have been very helpful to me.”

Philip Hutton,
Shelfbar

“Our clients come to us for financial and business advice, but they often have other concerns, too. By putting Directors' Briefings on our website, we can add real value, giving them access to practical business information on a comprehensive range of topics.”

Derek Lemay,
Baker Tilly

3.1 Purchase appropriate **information technology** to improve efficiency.

See **Specifying and purchasing IT**, **Getting the most out of your PC**, and other IT titles.

Organise your time

Allocate time for all the activities you need to carry out, to avoid being distracted by day-to-day issues. A typical schedule might include:

A Daily tasks.

- Check your appointments and any correspondence.
- Delegate jobs and motivate employees.
- Set aside uninterrupted time for dealing with urgent tasks, and important weekly and longer-term tasks.

B Weekly tasks.

- Check bank balances and projected cashflow position.
- Review the effectiveness of your marketing.

C Monthly tasks.

- Review monthly business performance.
- Review and modify your business plan and budgets.
- Review major strategic activities.
- Pay PAYE and VAT.

D Quarterly tasks.

- Hold employee performance appraisals.
- Review overall personnel position.
- Analyse the performance of major suppliers.

E Annual tasks.

- Perform a SWOT analysis of overall business.
- Have annual accounts prepared.
- Hold company annual general meeting.
- Review personal pension arrangements.
- Renew insurance and other annual contracts.
- Review effectiveness of major company policies.
- Review the suitability of your premises. If they are rented, make sure you know when the lease is due to expire (see 2.6).

See **Managing your time**.

3.2 Make good use of the **Internet** and **email**.

See **Going online** and **Email**.

- Use the Internet to collect information and market your business.
See **Finding information on the Internet**, **Your website strategy**, and other Internet titles.

3.3 Where possible, establish **routines** to avoid wasting time solving the same problem repeatedly.

- Develop and implement straightforward policies.
See **Everyday workplace policies**.
- Store information — including the files on your computer hard drive — systematically, so that it is easy to find.
See **Filing and records management**.
- Manage your time efficiently, and help employees to do so. See box.

3.4 Invest in developing your **employees' skills**.

See **Using training effectively**.

4 Strategic planning

It is easy to get bogged down focusing on the short term, so you must make time for 'big picture' strategic activities which will improve the overall health of your business.

4.1 Work towards **long-term goals**.

See **Increasing profitability**, **Creating a valuable business**, and **Planning your exit from your business**.

- Focus on the key factors which determine the long-term success of the business.
See **Key performance indicators**.
- Use techniques which will help you assess and improve the overall health and performance of your business. See **SWOT analysis**, **Benchmarking**, and related titles.

4.2 Use a forward-looking **business plan** to set out how you will achieve your objectives.

- Review and update the plan regularly.
See **Writing a business plan**.

4.3 Keep **moving ahead**. See **Innovation** and **New product development**.

4.4 Continually monitor key **external factors** which affect your business.

“When I was thinking about going online and setting up a website, the briefings covering the Internet were my first port of call. They gave me a good idea of the opportunities, pitfalls and costs involved, all explained in straightforward, everyday English.”
Simon Macaulay,
Anglo Felt Industries

“As well as the Directors' Briefing series, Business Hotline Publications provides a wide range of business information geared to help us support small businesses — ranging from short, punchy articles containing helpful hints and tips to comprehensive guides for start-ups.”
Vince Moody,
Business Link Northamptonshire

- For example, changes to your marketplace, or what the competition is doing.

4.5 Plan for your **personal** long-term security.

See **Personal pension schemes** and other pensions titles.

4.6 It is easy to neglect your core activities when you are **buying** or **selling a business**.

See **Buying a business**, **Selling a business**, and similar titles.

5 Comply with legislation

Legal problems can tie up critical resources for months, or even years, and leave key parts of the business vulnerable.

5.1 Find out about the range of **general laws** that are likely to affect you.

- Ask your advisers (see **6.2**).

5.2 Comply with all **employment legislation**, particularly when you hire or dismiss anyone.

See **Employment law: the basics**, **Employment contracts**, and related employment law titles.

5.3 Provide a **safe working environment**.

- If you have five or more employees, you must have a written health and safety policy.

See **Health and safety** and **Health and safety risk assessment**.

5.4 Fulfil your duties as a **director**.

- If your company gets into financial difficulties, you could become personally liable.

See **Directors' responsibilities** and related briefings.

5.5 Keep accurate **financial records** and prepare proper accounts.

- Unless you set up good systems on day one, this can rapidly turn into a disaster.

See **Finance for non-financial managers**, **Preparing for your annual accounts**, and other accounting titles.

5.6 Make sure you meet your **tax** liabilities.

See **Tax and NI**, **Common VAT problems**, and related tax titles.

5.7 Stay on the right side of **IT law**.

- Establish a software policy. Using unlicensed software can hit your finances and your firm's effectiveness.

See **Software use and your legal liabilities**.

- Check how the law applies to doing business on the Internet and by email.
- See **Website and email law**.

6 Get help and advice

6.1 **Business Link** offers independent advice, information and a range of services to help small businesses.

- Advice may be free or subsidised.
- Visit www.businesslink.gov.uk for advisers in your area or call 0845 600 9 006.

6.2 Work with good **professional advisers**.

- Use an accountant who understands your type of business.
- Ask a solicitor who works with small businesses for a legal health check. Members of the Law Society's 'Lawyers for Your Business' scheme (020 7405 9075) offer a free initial consultation that will help you understand the basics.

6.3 Find out what help can be offered by your **trade association** and local **Chamber of Commerce**.

- Search the Trade Association Forum's directory of UK trade associations at www.taforum.org.
- Contact the British Chambers of Commerce (020 7654 5800 or www.chamberonline.co.uk).

6.4 Find **external skills** to cover any weaknesses you have.

- Consider employing skilled consultants in areas where you cannot afford to develop in-house skills. See **Using a consultant**.
- An experienced non-executive director can provide a regular, impartial assessment.

6.5 The **Directors' Briefing** series provides concise, practical information and advice on running your business.

- The Start-up Briefing series focuses on issues facing new businesses.

Expert contributors

This briefing was written by the editorial team at Business Hotline Publications.

Further help

There are other Directors' Briefing titles that can help you. These briefings are referred to in the text by name.

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