



22 POINT PLAN FOR SUCCESS

Times are generally tough for most Businesses.

Also, the reasons for the demise of companies was probably weak management, lack of management accountancy information, lack of adequate response to change, over trading i.e. the BIG project and high gearing plus normal business hazards and investors pumping money in without understanding the changing market place. Industry requires excellent business models developed by skilled and experienced people who understand how to operate a successful company. If companies take on board excellent successful business people with knowledge, then Industry would be in a better position.

Lower levels of demand and pressures on cash flows are particular concerns. I would like to share with you my `22 - point plan for success`.

Although few companies may have cash at the bank on deposit, this can certainly dwindle if they do not operate efficiently. Therefore, they should use cash at their disposal only when necessary and still control the business as if they were borrowing money.

In all cases, in business life generally, money makes the world go around, irrespective of the level of profits or turnover. Credit control must be tight and very pro-active and the profit earned on each job must allow not just a percentage return but the right sterling/Dollar/Euro return. Customers with low-profit jobs must pay on time. If they don't, turnover means nothing and we just become busy fools.

I have broken the areas down into sub-headings in order to examine each of the different areas:

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Tight Financial Control

1. Prepare a fully up-to-date budget of how you really expect your business to do within the next six months in the light of the current environment. Think first about the expected levels of sales and then estimate the level of costs. You must be honest and realistic there is no point in trying to kid yourself.

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2. Use this budget to prepare weekly cash flow projections for the next three to six months. You should think of each type of expenditure and when it needs to be paid. Estimate likewise for each type of income. Also, you should have updates on the projections every month.
3. Calculate your financial needs for the next six months, in full detail. In particular, ensure you have sufficient actual cash resources to match the cash flow projections. Then decide if you need any new external finance. If you need additional funds, plan well in advance. Do not leave it until the last minute.
4. Keep all your records up to date and monitor the accounts regularly, particularly regarding the cash situation. You should look at not only the debtor days, but also the outstanding amounts, which have not been paid for over three months. This is the area upon which to concentrate.
5. Ensure tight day-to-day control over cash and limit the number of personnel authorised to spend it. Every item of expenditure must have a budget. Ensure money is spent within it to gain total control over expenditure.
6. Make all personnel conscious of costs, from Director level downwards. Encourage personnel to think of cost-saving ideas to discipline staff not to waste money.

Purchases

7. Do not take on any major or risky contracts for which you purchase goods. In addition, do not enter into any agreements with manufactures/suppliers for guarantees of any particular product. Look at your stockholding, not just at a manufacturing plan. Also, the possibility you may be holding stocks elsewhere of which you are unaware. For example, sales executives holding stock at their homes or even in your warehouse.
8. Keep to your payment timescales with your manufacturers/supplies. Negotiate settlement terms, also retrospective rebate structures where you can, but only as long as fits in with your monetary control. You should not breach any contractual arrangement as you could obtain a bad reputation for settling bills.
9. You must ensure each purchase is made at the best possible commercial price obtained from manufacturers/supplies.
10. Constantly monitor your manufacturers/supplies who offer special prices on stock items, such as labels, media supplies and much else. You must constantly buy better by operating more efficiently now and in the future.

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11. Ensure you have precise payment records for each of your customers. At all times know who owes money, the amounts involved, which debtors are in dispute and what action is being taken to collect the outstanding monies. Give the credit controller full authority to take any measure to obtain the monies due when they exceed a certain period. You must only involve sales executives when the credit control department is unable to collect the monies. It must be restricted to less than seven days and then the credit controller must take whatever action he/she thinks is appropriate. This is the only way to safeguard the company's interests.
12. Establish a firm credit policy and emphasise your payment terms to customers. In addition, ensure you have a standard procedure for pursuing debts with specific actions at given intervals after the payment due date. It is vital to have a practical working procedure so everyone understands what actions are being taken at different stages.
13. Credit checks should be carried out on all new customers and you must regularly review the credit limits for existing customers. Each account must have an overall credit limit and you must advise your sales executives of those credit limits to ensure they are followed. Be very careful of Auction sites operating as e-business and other dot.com company's offering print jobs!
14. Ensure you produce your sales invoices as quickly as possible. Check they are accurate, complete and legible and are being sent to the correct person at the company concerned. This especially applies to some of the larger companies. Ensure all records are 100% correct.

Tight controls over Scheduled deliveries and Call-offs.

15. Constantly review all call-offs and scheduled deliveries. Failure to do so slows down the operation of your business though not issuing sales invoices, so you cannot take the profit and cash when it is needed. Ensure you operate a call-off schedule within a twelve-month period.
16. Regarding a manufacturing plan, you should review the inventory system. Identify areas to improve efficiency and cost cutting and ensure you do not carry unnecessarily high stocks of raw materials.
17. Focus on stock control, in particular for the high-price and high-volume items. Better control here will make more of an impact on inventory costs.
18. You should minimise work- in -progress and finished goods stock by making the production process as fast, simple and as streamlined as possible. You should also identify and remove frequent bottlenecks of slow-moving stock items. You should deliver all finished goods promptly. This will save on stock and the cost of holding stock and you will have more room to maneuver.

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Effective Sales and Marketing

19. Avoid any additional sales unless they actually make money fast and without any problems. Otherwise, your working capital will be further strained. You must look at profitable products that give you a growth-inducing margin of return not reducing margins operating by dot.com companies.
20. Look at your most valuable customers in terms of margin for return of sterling/Dollar/Euro and long-term loyalty. Ensure you maintain close contact with customers, visit them regularly and as agreed with the customer. You must improve relationships as much as possible by `listening` to what your customer's say they want and serve them well. You should also focus on the products you are not selling.
21. Although some companies do not use call reports, I feel a report of some type is beneficial to find out the frequency of sales visits in any working day. Ask your customers whether they seek an improved service from your company, improved Products, or anything else that improves the relationship. In other words, a record that allows you to see what your sales executives see.

You should progress your company by identifying those products that your customers are unaware of. A suggestion would be to carry out a monthly mail shot with customers` sales reports to promote a product or service. This could help you find out where you are losing orders and where you could be obtaining the orders for products you do not sell.

Reducing Overheads

22. Times of change are ideal situations to scrutinise each of the company's overheads and costs that do not vary with output. Significant overheads you know include rates, power, light and of course, staff costs. Overall, you will pull through any (recession) change by being efficient in the way you operate. A Company led by sales should try to gain as much information from their sales executives as possible in order to monitor the activity of personnel.

Summary Tips for Survival and Success

- Watch your cashflow; be careful not to rely on future earnings when you spend.
- Investigate immediately unscheduled changes to your finances- such as exceeding your overdraft, or getting behind on bills and PAYE payments.
- Understand your creditors and do not stretch them too far.

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- Keep debts under control.
- Do not be dependent on one customer or supplier.
- Investigate the effect of operating changes.
- Check internal controls regularly.
- Never ignore even the smallest problem/issue.

Successful businesses are lead from the top, in maximising prosperity for all.

My vision over several years as allowed me to be a successful Managing Director, managing print manufacturing plants and print management/workflow solutions companies to increase turnover, profit and effective/efficient business communications. My winning attitude leads to success and making businesses really fly and taking action to stay in business with my `22 point plan for Success` is my professional challenge, it is my special focus, my business, sharing management concern for a commitment to excellence, profit and positive cash flow.



About the author Colin Thompson

Colin is a former successful Managing Director of Transactional/Print Manufacturing Plants, Print Management/Workflow Solutions companies and other organisations, former Group Chairman of the Academy for Chief Executives and Non-Executive Director, helping companies raise their `bottom-line` and `increase cashflow`. Author of several publications, research reports, guides, business models on CD-ROM's/Software and over 400 articles published on business and educational subjects worldwide. Plus, International Speaker and Visiting University Professor on the International circuit.

Visit the knowledge Pool at the new formatted website www.cavendish-mr.org.uk for over 95 solutions to help you in your success to raise the `bottom-line`.

[`Create Your Own Success Story` - by Colin Thompson, ISBN: 978-1-84549-260-1](#)

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