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| **Stock Control**   * Use the industry benchmark stock turn figure to calculate your ideal stock holding (by product category if possible) then reduce stock on hand to that level (set minimum and maximum levels) saving on the cost of holding inventory. |
| * Undertake stock takes regularly to make sure your accounting stock level is actually correct. |
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| * Use a system that identifies the age of stock and ruthlessly sell off or return to supplier all old or slow moving stock. |
| * Reduce stock to a market leader, number two brand and a cheaper brand eliminating carrying too many lines. |
| * Minimise the range of sizes or packages of products. |
| * Organise rapid resupply or “order-in” of sizes and lines to cover the non-standard orders. |
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| * “Get out” of some products and services, often investigating the “real” gross margin after all direct and indirect costs have been calculated. |
| * Buy the technology (e.g. barcodes, point of sale machines etc.) that gives accurate, current data on stock. |
| * Systemise the stock-receiving process to minimise steps and check that correct receipt of all goods is checked before paying. |

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| **Purchasing Control**   * Measure COGS overall and on product categories to identify actual gross margins by line or service. |
| * Negotiate prompt or early payment discounts on all major purchases (calculate that it is saving money relative to the current interest rate on overdraft). |
| * Take advantage of settlement discounts offered where they are worthwhile. |
| * Review all purchasing at least annually and use your track record (good customer) and payment terms to negotiate better prices. |
| * Review all suppliers and minimise the number by putting your purchases out to tender with fewer, larger suppliers who can offer a range. |
| * Take advantage of ‘specials’ and deals offered but don’t exceed your ideal stock level maximums (and thus became over-stocked). |
| * Offer the purchasing department or person a bonus for lower COGS %. |
| * Use “just in time” or “sell on commission” suppliers so that you only take ownership of stock when it is being sold. |
| * Involve marketing people in purchasing to make sure the right products are bought and that periodic promotions carry the right offers. |
| * Avoid placing too many small orders with high freight costs. |
| * Avoid dealing with too many suppliers – you’ll lose quantity discounts. |
| * Plan purchases according to likely demand or seasonal factors. |
| * Review stock and materials with a view to reducing quality where it is too high for customer needs, hence buying cheaper. |
| * Join or create a buying group with similar needs to you and get volume discounts. |
| **Debtor Control**   * Negotiate your payment terms as part of the establishment of any new debtor account. Advise all account customers periodically about your debtor policy. |
| * Offer a range of direct payment options, including electronic payment and credit cards, as well as account facilities. |
| * Carefully review each request for credit – get trade references as a minimum. |
| * Work out how best to handle large accounts or those where “special arrangements” have been made. Should these get the same treatment as all other accounts or should they be treated differently? Can you wind back some of the special arrangements? |
| * Make preparing invoices one of your highest priorities. |
| * Before sending the first bill to a new customer, ask the name of the person who authorises the payment; then address the bill to that person. |
| * Provide customers with information allowing them to make payments directly into company bank accounts. |
| * Include due dates on all invoices that the company sends out. |
| * Prepare statements on time and mail them promptly. |
| * Send invoices separately from statements. |
| * Reduce the grace period for late payment – and increase the frequency of reminders to late payers. |
| * Have your accounts people pay suppliers on a chronological basis – rather than the easy routine of paying all on one day. |
| * Prepare an aged list of unpaid debtors monthly – at least – and chase the late payers. * Give an incentive to your collections clerk to reduce the average days outstanding on debtors.  |  | | --- | | * Consistently phone or visit slow payers – give one of your people the time, authority and autonomy to contact those with unpaid balances, and make collection arrangements. The key issue is to contact slow payers regularly. | | * Immediately stop further credit when the account becomes overdue. | | * Take legal action early. | |  | | :   * No ability to pay – Try to get bills settled ASAP (before others realise the situation). * Slow bureaucracies – Speed up invoicing. * Slow payment as a matter of policy – Try to prevent further slippage. * Unexpected slow-up in regular payment pattern – get the reason and a commitment to make it up. | | * If you offer a discount, print a “plain English” translation of your discount policy on bills; for example: “Our 2%/10 days/net 30 means you get an effective annual discount rate of 36% if you pay within ten days of the date of this invoice.” | | * If the bill isn’t paid promptly, send a photocopy a week later marked, “Your discount period ends tomorrow.” | | * Try to get a least a commitment for partial payment – then use that amount to arrange a payment schedule. Restate the agreed upon details of the payment before hanging up. | | * When a customer agrees to pay, immediately send a letter formalising the agreement. | |
| **Production Control**   * Minimise waste, scrap, rework, and the costs of poor quality by undertaking a quality audit or conforming to an ISO standard. |
| * Review and reduce production overheads such as rent, telecommunications, maintenance, motor vehicle, travel, depreciation, leasing, cleaning, GST. |
| * Simplify and redesign work by such means as: reducing bureaucracy, paperwork and the need for permission; eliminating double handling and duplication; eliminating all non-value-adding steps; redesigning the process flow or layout into a natural sequence; creating standard procedures; putting work teams in control of whole processes. |
| * Reduce or sell poor-performing sections of the business or inadequate or under-used equipment, dismantling any saleable componentry and selling. |
| * Consider leasing (with its tax benefits) or out-sourcing production equipment and facilities if this reduces cost without compromising quality and delivery. |
| * Investigate the purchase of new equipment and machinery bearing in mind the productivity gains and marketing advantages of better production. |
| * Make sure that maintenance is planned (and is appropriately resourced internally or externally) and not ad hoc so that equipment and machinery performs effectively for a maximum amount of time.   **Administration Control** |
| * Take your most recent 12 months list of general expenses and with staff go through each line item and try and find ways to cut costs by re-negotiation, joint purchasing, outsourcing, use of e-commerce/IT or waste reduction. |
| * Look for ways to automate administration and office functions. |
| * Assess the amount of time taken on paperwork then decide what reporting is important. Delete the rest. |
| * Create Performance and Procedures Manuals for all processes, reviewing the way things are done at the same time, then insist on compliance. |
| * Use process manuals to train up extra people to do functions so that they can back up people on holidays and provide extra staff at peak demand periods. |
| * Do a poor-quality audit looking for re-work and time wasting. |
| **Finance Control**   * Refinance the business’ debt, find new sources of cheaper funds or get new capital or equity that doesn’t require interest repayments (and might provide strategic partnerships). |
| * Review all interest rates, considering bundling debt together to get one lower interest deal. |
| * Get your bank to explain all charges they make to ensure that you are really liable. Negotiate a waiver on charges where possible. |
| * Check all bank statements to make sure that payments are correct and that charges are valid. |
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| * Get competitive tenders from the various financial institutions every year or so to compare and to choose the best provider. * It is a good policy to deal with two banks and be friendly with a third. |
| * Investigate non-mainstream forms of debt such as interest only loans, trustee companies, solicitors funds etc. |
| * Get a book-keeper to do tax returns then negotiate a cheaper rate from the accountant for year-end compliance work. |
| * Use accounting software to speed up accounting plus providing management information. |
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| * Attend financial training seminars to become competent in financial matters. Demand more from your accountant especially in regard to changing your accounts to better provide management information. |
| * Check out industry associations and government departments who provide financial benchmarking and other assistance. There are huge amounts of government funding for business improvement available if you know where to look! |
| * Finally, consider selling off a share of your business to an investor thus obtaining funds for yourself or for the business. Equity is “patient capital” that doesn’t need repayment except via dividends. Prepare a full Profit and Growth Plan with financial projections for this purpose. |

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| **Time Management Control**   * Analyse your current time usage and then identify the essential and high value 20% of activities that deliver good results, then the bottom 20% that waste time. Do more of the value-adders and reduce the time-wasters. |
| * Set visible goals (written on a white board or written/printed up) every month, week and day and tick them off at the end of each day, week and month. |
| * Always start the day doing important rather than trivial activities. Leave the easy tasks to a spare moment. |
| * Give yourself positive self-talk to encourage yourself to complete tasks. |
| * Focus on one thing at a time. Block the phone for a period to get a task done. Don’t let others interrupt. |
| * Set deadlines but be realistic. |
| * Delegate!! – but provide support and skills training to the person delegated to so that they succeed. |
| * Refuse to do work on weekends. |
| * Develop a holiday roster and block out the times for yourself first! |
| **Finance Ratio Control**   * Measure sales, COGs, gross profit and net profit for the whole business and by product or service line (if possible), and compare regularly against budgets based on industry averages. |
| * Review return on investment and other financial ratios, comparing them against industry averages. |
| * Measure productivity of equipment and machinery to ensure optimum usage and performance to specification. |
| * Measure productivity of people in sales, production, administration and other functions to ensure that sales per employee meet industry averages and the organisation runs effectively. |
| * Improve management skills in leadership and business management by getting managers to attend structured training courses and professional development. |
| **HR Control**   * Undertake a skills audit of all staff and management and create a Training Plan. |
| * Present the Plan to employees for comment and organise their involvement (by teams where possible) in implementing the plan. |
| * Organise regular meetings to inform about and check on progress with Action Plans. |
| * Use graphical displays of key measures to show progress and improvements. Celebrate successes! |
| * Develop Key Performance Indicators (KPIs) and goals for all management and staff, plus career plans for all key staff and succession plans for the older owners. |
| * Develop Position Descriptions for all team members. |
| * Improve teamwork by training, facilitation and rewards for effective team-work. |
| * Increase staff and management understanding of behavioural styles and increase interpersonal effective while reducing conflict. |
| * Measure and feed-back good and poor performance to employees using the KPIs and regular goal setting as the basis. |
| * Provide incentives for good performance in financial and other forms preferably rewarding team success. |
| * Encourage innovation and new ideas by teaching creative thinking and providing channels for suggestions and improvement projects. |
| * Obtain and properly induct new employees - when sales and though-put justify their cost. |
| * Make improvements to work design by reviewing major processes such as production, administration and sales using flow charting, Lean Thinking etc. |
| * Improve Occupational Health and Safety by reviewing all key processes and ensuring compliance with industry regulations. |
| **Marketing Control**   * Save money and increase effectiveness by choosing and only using the best promotional media (use rational decision making criteria such as targeting, cost per thousand, appropriateness etc.) * Measure and identify advertising & promotional methods that work (e.g. Promotional Return on Investment, sales $$ by salesperson, gross margin by sales person, etc.) to identify successful marketing (and to delete unsuccessful efforts). * Avoid special advertising and promotion offers unless they fit your plan. |
| * Measure salespeople and teams by sales, gross profit and customer satisfaction. |
| * Reward salespeople for gross margin results. |
| * Review all commissions and middle-men costs to make sure that they are well-deserved. Renegotiate where possible. |
| * Investigate all promotional costs such as brochures, advertising etc. to make sure that a good return on investment is being obtained. |
| * Investigate digital printing and the use of electronic versions of materials (in PDF form etc.) instead of costly print runs of materials   . |
| * Review telephone costs especially of mobiles to make sure that the phone is being used for work and sales purposes |
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| * Chase free promotion options such as trade magazine articles and general PR. |
| * Refuse to take up special offers from advertising sales people unless the medium suits your target market, budget and promotional plan. |
| * Negotiate hard with promotional media as they normally have different rates for volume and can use these to entice a new user |
| * Use technology options like teleconferencing, You Tube, Webinars, and promotional CDs etc. to reduce the cost of face-to-face selling. |
| * Consider joint promotions and shared expenses for example at exhibitions, with non-competitors or allied businesses. |
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