

Twelve Top Business Tips

In my book, *Hope Won't Pay the Wages*, I interview directors and business owners who have experienced a corporate insolvency. I find out what they learnt from the process and what advice they would give to those currently facing problems in their own company.

It became clear that there are two elements to be taken into consideration: support for the business itself; and support for the individual. These two things are quite different and, whilst both are important, there is currently very little support for the individual.

This personal support is the main focus of the book.

However, as I spoke to the different business people and asked them what they'd learnt via hindsight, a number of practical tips also arose. Some of these are general comments and apply to all businesses, whilst some are specific tips to think about when the cash flow starts to tighten.

There are only a handful of suggestions here, but it seemed a shame to let these nuggets go to waste. Consequently, I have made them available for anyone that may find them useful. Whilst a few of them are included in the book, the majority are unique to this download.

The detail beneath each learning point is made up of the actual words relayed to me in the interviews.

I hope you find them useful.

Andrew R Miller

GENERAL BUSINESS TIPS

1) Know why you're in business

Sit down and really look at why you're in it.

Write on a bit of paper your good things about your business and your negative things about your business. Really ask why are you in there? Are you there because you really like doing it? Are you in there just for the money side of it? Really work out, why are you there.

2) Get the right people

The way that I did it before ... I mean ... I'm working with a client now. Got a lot of the same problems I had. Total faith in his management team. I know, now, they're faulty. I know, already.

And I'd said to him on Friday last week, I said 'Look, I've seen it before.' I said 'You're gonna have to be prepared to change some people. I don't know who, but you're gonna have to. Because some of them won't make the grade, they won't want to do it, they won't want to be arsed.'

'Why not?'

I said 'Because they don't have the same vision as you, it's your business.'

Right? And had I known that, realised that, you know, ten years ago, well we wouldn't be sat here speaking today because I'd probably be retired by now.

3) Manage your cashflow

Be more aware of what's happening. To be always looking at the cashflow in advance.

My wife is extremely good at that. Since we've launched the new business, she has a rolling six month cashflow and she'll update it every single week. She knows exactly where we don't want to go and we make sure that we never go there again.

I think money management is a very tricky business. You have to be very disciplined. I don't think a lot of small businesses open up with understanding that discipline of things.

4) Really understand the numbers

I think if I'd have looked more carefully at those month end figures we would have ... rather than the headline figures, if I'd looked through them a bit more, then I would have picked up the fact that they were wrong.

So, I think me, with the eyes on the big picture, the customers and all the rest of it, where the company was going. And not paying enough attention to the detail that was in the accounts. It's just a massive lesson.

Yeah, it's the accounts. Make sure you know what's behind the accounts. I'd just not that mindset, you know. 'It's near enough. It's to within a thousand pound!' Then you'd think, 'I know, but we've got to have them right' and I'd think 'Oh, but why?' You know.

I think it is how you are built up as an individual, isn't it. I was good at seeing the big picture, I was good at seeing how we could do it and how we could roll out and everything else. I could sell, I could buy and all that sort of thing. But the nitty gritty detail about whether a bloody row of figures added up correctly at the end of a month. It was just a little bit too much detail for me.

I was rushing through life. I had this vision about where the company could be and what it should be. And I was going for that. Some of this little detail, accounts and things ... it sound ridiculous but you've only got so much stuff you can fit in your head at once, I think.

And had I realised at the time that the accounts were so bloody important and that they could hide a whole mirage of things then you'd make sure that you looked at them yourself.

5) Good credit management

Always chase your money. Always set credit limits.

Always make sure that your customers are aware that if they don't pay you, they can't deal with you.

Whenever possible, operate cash with order.

Just set ground rules and make sure that your clients are aware that, you know, if they want to pay you in 60 days, make sure it's agreed. But, your customers must know your terms. Always know your terms.

And to me that's the biggest ... but at the same time, don't put all your eggs in one basket.

Yeah, it's fantastic to have a customer that spends twenty grand a month. It's awesome. I've got a few of them now. But I've also got a big organisation that can bankroll that as such.

Have them. But wouldn't it be nicer if you'd got a hundred little ones spending a hundred quid a piece?

Always imagine the business without them there and see if it works.

If we took away ... my biggest customer ... if I took them away, I'd still have ... you know I'd still have ... we'd miss them but you've always got one of those. You've always got one. But make sure if you have got one, that they are financially viable and they can pay.

Check your customers out, properly. Have a look at their accounts. Have a look at the directors. Check them all out. That's what we do.

6) Be confident in your decisions

That's what I've noticed in business, more than anything else. You can really make a decision and really ... 'Right !! This is it !!'

And it just slowly and slowly peters out and goes wrong, so you never actually get what you first started out with and you end up with a compromise and very watered down version of where you wanted to go. Because of people who say they can do something for you don't ... can't do it for you.

Because I've realised in my life I do get pushed into the watered down version and never really got ... and I know if you don't start something off on the right footing, where you want to go with the right things, and water it down. It never ever gets there in the end. You never achieve what you actually want to achieve because you've allowed it to be watered down.

So you have to, somewhere along the line, make decisions and say 'Yes, it **is** going to go there' or '**Not** go there'.

7) Don't expand too quickly.

I think with most people, and I think it's the biggest ... one of the biggest failures out of most businesses, they expand too quickly. You think you're on to a winner and you go with it. And you think 'Well, it worked last year, so it'll work this year' you know ... 'it's always going to go up'

You think, the more you put into it, the more it's gonna go up. But it actually doesn't work

like that. If the whole economic climate is wrong for it to go up, you've got to think that you can actually go down.

Always put something by for a rainy day. Be on the ball and not always rely on things to stay the same. Realise that things can go up but they can also come down.

Markets can change very quickly, not of your own doing.

8) Minimise your reliance on funders

Now, we don't have a facility. Not one at all. We just rang the bank up once for a trip into the red for a week, that's all we ever did. So I'm very proud of that. We always made sure we got 30% up front for the contracts.

I now want to be in a position where I don't have any debt and I'm not beholden to anybody. And therefore what has happened to me cannot possibly happen again, because nobody has that hold over you. Which basically means avoid banks and avoid getting married [laughs] ... bluntly. Which is often a topic of conversation with my girlfriend of two years.

I think it's a question of, you realise that you've got to get yourself ... erm ... that feeling of out of control is not pleasant and so when other people are in charge of your destiny, whether it be a divorce lawyer, whether it be a bank, is a very deeply unsettling and unpleasant experience. And I will never put myself into that position again. Simple as that.

9) Be aware that accountants don't spot frauds

I used to get the accounts looked at by the accountants at the end of every month anyway. So it wasn't as though I was completely leaving it. But all they were doing was only auditing what was on the bloody system. They weren't looking behind what was on the system.

So if, for example, I'd been looking every month, I'd have seen that there were these amounts in there that shouldn't have been in there and picked up on these things. But, being accountants they just audited the figures as they were on the Sage system, they were just there. So they weren't ... it was a bit of misunderstanding from my point of view that they weren't checking. They were simply auditing the figures. So everything was stacked in the right columns and they were fine about it.

TIPS FOR WHEN THINGS GET DIFFICULT

10) Put your prices up, not down

Put your prices up. Don't drop your prices when you get into difficulty. Put them up.

It's always worked for me since. I just ... if you can add the value ... because if you drop your prices and work with low margins, it just takes you deeper into the trough. At least, if you can get less business with higher margins then you can get it into a working model.

11) Be methodical and equal when in arrears

Write everything down. All the bills - and then work at the first one. Say, 'Right, I've earned twenty quid this week. I'm going to give him a fiver, the next person a fiver, the next person a fiver, the next person a fiver.' And then the next twenty quid you earn, go to the next person and the next person. And then come back round to your first person. Right, I've got another twenty quid.

And the target is to go through things very logically. Don't worry about who they are, just write them down on a bit of paper and say 'Right, you've got to start at paying somebody something out of it.' Or, even if it's the first one, paying 10%, the next one 10% - but just paying something off. Everybody equally. Somewhere along the line. And doing that consistently and just ploughing at it. Ploughing at it and you'll get through it.

Don't say 'Oh God! I'll never earn that money and I'll never get there.' Don't do that. And you can get through anything if you plough at things.

12) Ask for help from an expert, and do it now.

Now, I'd ask for help, because it's not a sign of weakness, is it? And go to the right people. Not the people around me. And that's something I've learnt over the last 5 or 6 years. People are experts because they're experts. You know, your friends and family and your workmates, they're not EXPERTS at certain things. Go to the experts.

And act now, because you'll just get more and more miserable and ... erm you're kidding yourself. Burying your head in the sand doesn't do anything. It just prolongs the inevitable, makes you more miserable and you'll be in the same position anyway.

So sort it out today. Not 3 months down the line when nothing's changed and you're looking back and thinking 'Well, I should have done this 3 months ago.' Because it's a waste of time.