

What makes a Great Business?



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A GREAT BUSINESS DOESN'T JUST HAPPEN BY CHANCE OR LUCK

Like most things in life, the more you put in, the more you receive in return.

It is an interesting reality that many of the businesses and individuals we deal with are financially comfortable. There is enough profit to fund living expenses, cover loan repayments, pay school fees, take a holiday and maybe put a little away for later on in superannuation.

There is nothing wrong with this but there is a concern that the business is not achieving its full potential. When it comes to retirement there are insufficient investments and the business is not saleable. The business is too reliant on the owner and the business as an asset will not reach its full value. This will impact the business owner at some point.

Does this sound familiar?

Do you have the Drive and Commitment to take your Business to the Next Level?

What are the characteristics of a great business? We have put together the 10 characteristics and requirements to help your business reach its full potential:

1. Understand that you need help.
2. Start with the end in mind
3. Mission, core values, vision and history
4. Understand your WHY. Why are you in business?
5. Develop a bottom up budget and monitor performance
6. Master the 4 pillars of business
7. Take time out to 'sharpen the saw' and work on the business.
8. Implement a business strategy to move from current to desired outcome
9. Business succession plan, voluntary and involuntary
10. Make work enjoyable, we spend a big chunk of our life at work.

THE 10 CHARACTERISTICS AND REQUIREMENTS IN MORE DETAIL:

1. Understand that you need help:

Step back and look at your business. Is it achieving its full potential? Where can improvements be made? We can help!

2. Start with the end in mind: Work out what you want the business to look like. Imagine you are getting your business ready for sale. What needs to be done to ensure the maximum value is achieved? Even if you are not looking to sell now or in 5 or 10 years or ever. Imagine having a business that is ready for sale, strong profits and cash flow, high performing team, good processes and customers. Imagine how good this would be. What needs to be done to get your business to a point where it is ready for sale (that is most valuable)?

3. Mission, core values and history: It is very important to establish the cultural foundations of your business. Owners need to communicate these to the team and customers. The business needs a purpose, we call this a mission statement. Equally important are core values, the team understand what the business stands for and the business lives and dies by these values. A vision, you know where you are taking the business and the team also understand this and are part of the vision. History, don't forget where you have come from. Most businesses owners have a story of humble beginnings.

4. What's your why? Understanding your why separates a great business from the rest. Every business knows what they do, most know how they do it, but few know WHY they do it. They are not clear on the purpose, the cause or belief that drives the business. Refer to Simon Sinek author of 'Start with Why' <http://www.youtube.com/watch?v=sioZd3AxmNE>

5. Develop a bottom up budget and monitor performance:

Work out how much profit you want and build the revenue and expenses around that profit. This will force you to assess what needs to happen to achieve the profit you desire. Implement a record keeping system that provides live financial information so up to date data is always available. With cloud accounting options such as Xero there are no excuses not to have your finger on the pulse with financial data. Develop a dashboard that provides a real time snapshot of performance. We are experts at setting this up!

IMPORTANT DISCLAIMER: This document does not constitute advice. Clients should not act solely on the basis of the material contained in this document. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly and we therefore recommend that our formal advice be sought before acting in any of these areas. This document is issued as a helpful guide to clients and for their private information.



6. Master the 4 pillars of business: You need to master the 4 pillars of business, people, processes, customers and financials. Develop strategic plan and KPI's around these pillars.

People: Arguably your most important asset. Without them you are self-employed (rather than a business owner)

Processes: Develop a process for every key activity within your business. The first step towards it running without you, (and being less risky = greater value).

Customers/clients: Treat them well and they will be your best source of new clients.

Financials: Last, but by no means least. However, if you don't take care of the first 3 pillars, you won't have any financials to worry about! Develop a bottom up budget and monitor performance, with Xero or other cloud solutions.

7. Take time out to work on the business: This is a saying you will have heard before. Take time to work on the business rather than always in the business. Get away from the business annually to "sharpen the saw". How can you do things smarter and better? Have a planning session off site; review the past year and set goals for the year ahead.

8. Implement a business strategy to move from current to desired result: Planning and goal setting is a waste of time without implementation. Develop a strategy to move towards achieving goals. Set milestones. Be mindful that business improvement is a 3 to 5 year process. Set goals that are achievable and realise that you need to keep running the business whilst this is going on behind the scenes.

We offer a free no obligation meeting to review your situation. Call us today on 03 5330 7200 and take advantage of this valuable offer.

9. Business succession plan: voluntary and involuntary: Ensure you have a written succession plan that covers both voluntary and involuntary scenarios.

- **Voluntary:** you and business partners decide when you are going to exit business. Agreement is made how this process works.
- **Involuntary:** is when the choice is taken away from you. For example due to illness or death. If no succession plan is in place it can jeopardise entire business. This hinders business and hinders family. Develop an agreement now or when you start business, the time when everyone is happy.

10. Make work enjoyable: We all spend a large part of our life at work. It's important to be enjoyable. Respect in the work environment works both ways. If the team is engaged in the purpose and why of the business, the work completed will have meaning and customers will be looked after in the same way as the owner looked after customers. This results in a more positive environment.

What to do now

All businesses irrespective of type or industry will face greater competition and tighter margins in the future. What you do in business, you need to do well. Developing and implementing a plan to make your business a great business is critical to ensure long term success and a valuable asset. Please contact us to discuss how we can get you started to achieve your business goals, and create a valuable asset.



Are You Financially Secure?

At Mulcahy & Co we are in a unique position to provide the expert advice and solutions of accounting, financial planning, lending, legal and information technology all under the one roof. This makes a normally complicated process seamless to help you on your way to becoming financially secure.

WHAT DOES BEING FINANCIALLY SECURE MEAN?

It means assessing your personal and business goals and developing a plan to achieve them.

1. Goals & objectives
2. Estate plan
3. Risk plan
4. Asset protection plan
5. Taxation plan
6. Debt plan
7. Retirement plan
8. Business plan
9. Superannuation plan
10. Investment plan

FOLLOW OUR 10 STEPS TO SUCCESS TO ACHIEVE FINANCIAL SECURITY... Visit www.mulcahy.com.au for more information

