



10 tips for busy business owners

A practical guide to running your business better

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Hire Plants - Auckland



Introduction ▾

The world looks different than it did 10 years ago for business owners. Largely due to technology, it's become both a minefield and a goldmine, all wrapped into one.

What hasn't changed for business owners across generations is the need for solid, trustworthy advice and business tactics that you can rely on to guide your business.

As a business owner, there is never enough time to do everything.

And that's what this eBook is all about. We have written it for busy New Zealand business owners, who are driven to succeed, and who are looking for practical tips to help them run their businesses in better ways.

What do we hope you get out of this eBook? We hope by the end, you understand:

- The importance of working out your goals, business direction and your processes
- The importance of getting strategic business advice to help you reach your goals

A central theme of this eBook is the importance of taking control of your cash flow. As a business owner, this equates to taking control of your life.

Take control of your cash flow and you'll have security, peace of mind and the anticipation of a bright future where your business goals are achieved.

We trust that by the end of the eBook you'll have a solid idea of who can be a 'sounding board' for your business.

That 'sounding board' will be your advisor – someone who can help you with **all** of the tips in this eBook. And don't forget we've got a [team of business advisors](#) here at RightWay who can guide you in all stages of your business.

More than anything, we hope the advice in these pages is a game-changer for you and your business and that the 10 tips become the difference between just getting by, and achieving your goals.

◀ TIP 1 ▶

Have a business plan

To make sure that your business performs, you've got to have a plan. It's the first and most important step you should take as a business owner.



A business plan gives you and everyone involved in the business an understanding of how your business is put together and the direction that it's heading. Your plan should be focused around your goals, and these are often influenced by your personal goals. Your plan should be focused around your business goals, and these are often influenced by your personal goals. Having a plan helps your business perform in the way that you need it to, so you can ultimately achieve your personal goals.

Writing down your business plan forces you to review everything at once – you'll look at your sales, marketing, operations, financial and staffing plans and analyse what your business is offering that makes you stand out from the crowd (your value proposition).

It's the perfect way to look at how everything works together and spot connections that you would've otherwise missed.

By having a business plan in writing you'll be able to refer to it to check progress, and help make decisions.

Most importantly, your business plan needs to be kept fresh and alive. It's not something to 'tick off' and then leave gathering dust. It needs to be a living and breathing thing.

If writing a business plan seems like an imposing task, it doesn't have to be!

Gone are the days when business plans needed to be the size of the phone book.

Modern business plans can be as short as you like – some owners even prefer the "less is more" approach of using a one-pager.

The key thing is having someone you trust who can act as your "sounding board", help you write your business plan, and review it as your business grows.

◀ TIP 2 ▶

How to set and measure business goals

Make sure you're focused on the right metrics for your business. These don't necessarily need to be financial and will vary for every business.



When setting business goals, keep it simple, and look at the leading indicators that are important for you to hit your goals. It's not always just about looking at revenue and profit.

For example, you could look at the number of quotes you're doing per month for new business. This is not specifically a financial goal, but is a great measure of how your business is progressing towards your goals.

Although it's impossible to give a set of metrics that are relevant to every business, here are a few that we recommend most businesses will benefit from keeping a close eye on...

AMOUNT OF CASH ON HAND

How many months could your cash reserves sustain your business for, if it had to? Check out Tip #3 to see how focusing on your cash flow, and having a plan around it is one of the most important ways to measure the state of your business.

CUSTOMER RETENTION RATE

Did you know that it costs 6 to 7 times more to sign a new customer, rather than retain a current customer? Or, that lowering your customer churn rate can boost your profitability by somewhere between 25% - 125%? Stats like this give a really good indication of why customer retention rates are a valuable measurement of your business' health

COST OF CUSTOMER ACQUISITION

How much does it cost you to bring a new customer into your business? Even a rough tally of how many hours of manpower, and other associated expenses it takes to onboard a new customer, is a useful measure that you can use to judge how your business is progressing.

DAY SALES OUTSTANDING (DSO)

This is, quite simply, the average number of days between making a sale, and collecting your money. The lower your DSO, the more cash you have available to use. Note: good knowledge of your DSO will help you with cash flow planning - a good stat to keep an eye on!

GROSS MARGINS

To get a good measure of whether you're pricing your products or services correctly, as well as to know if you're spending too much on producing your products or services, use the following calculation:

$$\frac{(\text{Revenue} - \text{Cost of goods sold})}{\text{REVENUE}}$$

We advise that all business owners should have an idea of the metrics mentioned on the previous page, however advice on what the unique metrics for your business should be where having an advisor you trust can make all the difference..

A good advisor will be able to give guidance on what goals (financial, and non-financial) you should set, and how to measure them, by referring to the overall goals set out in your business plan.

One of our savvy, approachable business advisors can give you sound advice to make your path clearer and bring your goals closer.



◀ TIP 3 ▶

Have a plan with a cash flow forecast

Cash flow is what drives your business and keeps you awake (or preferably, asleep!) at night.



Put simply, cash flow is the lifeblood of your business. It's also one of the most important measures of success of your business.

We cannot overestimate how important it is to keep close tabs on your business' cash flow. For business owners, this is done through the use of two documents; your budget, and your cash flow forecast.

Whether you're Google (steadily acquiring the whole world wide web) or the owner of your local neighbourhood café, it's essential to have a 12-month budget that you work to.

Your budget is an itemised summary of your income and expenses for the coming year. It is typically created as a spreadsheet, and lets you understand at a glance how much money is coming in and going out. Once you have a budget, you can prioritise your spending with confidence.

Although a cash flow forecast may sound like an intimidating document to prepare, it doesn't have to be. Think of it as a picture of the next 12 months. Showing any cash shortfalls you might have at certain periods, due to big events.

Those events should be linked to big planned changes or times of the year where you know you are quieter. Plan for that and look at what you need to be doing now to make sure that doesn't become an issue.

The biggest up-side of a cash flow forecast is that it allows you to make a plan about whether your business will need to borrow to cover the cash droughts, how much to borrow, when to do it, and how you'll repay the loan.

The bottom line is that your business' cash flow needs to be managed effectively in order for your business to be successful.

In our experience, getting cash flow management wrong is the most significant cause of severe pain for business owners, yet it is relatively simple to get right through the use of two very simple documents – your budget, and your cash flow forecast.

Spotlight Reporting

Your budget is about estimating how cash will come and go from your business over the next 12 months, whereas your cash flow forecast is about estimating the timing of your cash's movements, in smaller monthly intervals.

At RightWay we use Spotlight Reporting, which like us, is passionate about helping small and medium sized businesses make good decisions with the right data at their fingertips. Spotlight's award winning tools enable us to create accurate cash flow forecasts and 'what if' scenarios to help businesses see their journey. Cash flow forecasts are key to understanding business survival, securing bank loans and funding.



◀ TIP 4 ▶

Know how to fund your cash flow

Always remember that when you issue an invoice, that it's outstanding cash that's owed to you.



You've provided the service and now the money is owed. Seems simple right?

But, if we had to put our finger on the number one thing that our customers tell us keeps them awake at night, it is lack of cash flow.

Or, more specifically, a lack of visibility about how much cash they need for their business in the coming 90 days.

Customers pay late, pay only part of an invoice, or in some cases argue and don't pay at all.

Because of this, sometimes it's necessary to look at tools which can help you and your business plan your short-term cash flow and if necessary, borrow money quickly to ride out those cash flow shortage periods.

The good news is that there are a lot of proactive tools that you can use around your 90-day short term cash flow plan, to actually get paid.

By making smart use of technology, businesses in New Zealand can now get extremely fast "cash flow funding", on more flexible terms than traditional banks.

What are the benefits of having good 90-day cash flow control?

Well, business owners who we work with who really understand the ebbs and flows of their money tend to look like this;

IN CONTROL

They know where every dollar is coming from, and where every dollar is going.

CONFIDENT

They know who they have to pay (accounts payable), and who is going to pay them (accounts receivable), in the next 90 days.

PREPARED FOR THE WORST

Even the best businesses have cash flow lulls - perhaps they're caused by seasonal factors, maybe by a big payment going out. Regardless of what causes them though, successful business owners are always prepared for them.



In short, there are an endless number of reasons why cash flow can dry up periodically, but owners who see those periods coming have the advantage of being able to ramp up sales in those periods, or tighten up on expenses.

If you would like to learn more about taking control of your cash flow, check out our [recorded webinar here](#).

◀ TIP 5 ▶

Plan your cash flow long term

Having a long term cash flow plan means you've got all your ducks in a row now and in the future.



We recommend asking yourself questions that get you looking ahead to make sure your business is able to progress in the right direction.

IS YOUR RELATIONSHIP WITH YOUR BANK WORKING FOR YOU?

We recommend finding a bank and sticking to it – don't chop and change too much. But, check if your loans are set up at competitive market rates.

DO YOU GET PAID WHEN YOU SHOULD?

Are you paying out expenses before you get paid by your customer payments? If so, you need to stop, and make some (easy) changes to your billing processes.

CAN YOU DANGLE A CARROT IN FRONT OF YOUR CUSTOMERS TO GET THEM TO PAY EARLY, OR AT LEAST ON-TIME?

Early payment incentives do work, and can be great tools to make sure your long term cash flow is as stable as possible.

ARE YOU SCARED TO TALK ABOUT MONEY?

Too often, we see customers who talk with passion about their business but they're timid in talking about money, and payments, with customers.

If that's you, we strongly encourage you to get over this reluctance to talk about money. Your customers will appreciate simple, honest conversations about your payment policies, and it will help you get paid regularly and on time.

DO YOU HAVE A PLAN FOR LATE PAYMENTS?

The way you address late payments, and follow up on them, affects your long term cash flow management significantly. Late payments are impossible to avoid. But, when you're organised and straight-up with your customers about when they expect to be able to pay you, the late payment "punches" become much easier to roll with.

We get it – not many of the points on this page are likely to get your heart racing with excitement.

But, long term cash flow management processes are some of the fundamentals of running your business, and these processes don't need to be super complicated.

Click below to meet our team of Business Partners, who are ready and waiting to have a coffee with you and chat about your business.

Our team of Business Partners translate accounting-speak into straight up, meaningful advice

Meet the team



◀ TIP 6 ▶

Get advice from a 3rd party “sounding board”

If you're constantly head down in the day-to-day of your business, you need to take a moment every now and then, to step back and focus on the business as a whole.



New Zealanders, and New Zealand business owners especially, pride themselves on being resourceful, innovative, and good at using their initiative. These character traits have no doubt played a huge part in shaping our country.

But, business owners need to be reminded every now and then to poke their head up out of the trenches, and do a scan of where they're digging to, and what the terrain around them looks like.

The best way to do this is to get the advice and recommendations of a trusted advisor. It's important that this is someone who isn't in the trenches with you.

By having someone who acts as a sounding board, they can look at your business' overarching goals without getting bogged down in the detail.

It's only then that you can actually look at whether what you're doing is taking you towards your goals and fitting within your financial budgets.

You're never truly going to get oversight and clarity unless you step out regularly (we recommend once a month) and actually focus on how the business is performing.

Engage the services of experts that are focused on the future direction of your business! They'll help map out the steps you need to take to make sure everything is on track for success..

In the modern world, with accounting technology (like Xero) doing all the number crunching accountants are able to spend their time giving solid advice using their experience and financial insights.

Your accountant should be providing meaningful advice and support for you and your business - looking at the future and helping to map your long term success.

If your accountant isn't giving you the support you need, it might be time to switch to someone that looks beyond the numbers. Check out our blog on what you should be getting from [your accountant here](#).



At RightWay, we help New Zealand businesses by understanding what makes them tick and offering astute accounting and business advice, via an approachable, nationwide team. So each one can grow, plan, and design their business for better.

Changing accountants
is easy with our
step-by-step guide



[SHOW ME THE INFOGRAPHIC](#) →



◀ TIP 7 ▶

Structure invoicing so it works for you

When you structure your invoicing to work for you, you're removing risks to your business.



Do you get paid by your customers on time, most of the time? If not, why not?

There could be some really simple additions that you could add into your invoicing processes to get better results.

It could be as simple as making sure you request deposits from your customers (particularly for big payments). Or maybe you could look into setting up progress payments for your customers, to ease the payment pressure on them, and give you a reliable forecast of when the cash will enter your accounts.

Now might be a good time to look at the terms and conditions you have with your suppliers – if your suppliers are expecting payment from you at certain times of the month, are you putting pressure on yourself by having big gaps between when you have to pay them and when you receive money from your customers?

Every business is different, and yours will have invoicing structures that work for it, based on the terms and conditions you set for your customers, and the ones you agree to from your suppliers.

So, are you being as 'onto it' as you can be? Avoid putting pressure on your own cash flow. You're not a bank for your suppliers and customers!

We've got a handy guide on managing your debtors more effectively, [you can read it here](#).

◀ TIP 8 ▶

Use technology to help your time management

As a business owner, you know how busy things can get. You're involved in every part of your business and you can end up spreading yourself pretty thin.



In a recent survey, almost 75% of business owners said that they spent so much time reconciling their expenses that they had no time to address important issues for the business.

SOUND FAMILIAR?

The good news - there's heaps of great technology designed to streamline your processes and give you breathing room.

It really pays to use technology that's designed to streamline your processes and give you breathing room.

In this day and age, there are literally tens of thousands of apps and websites out there that can help small and medium business owners strengthen their businesses.

One of the most obvious benefits of technology is that you can automate processes and jobs that are really important to the success of the business, but take up a lot of your attention and time.

A brilliant example of automation in action, is Xero (a New Zealand tech hero). Xero offers fantastic features to help businesses save time on accounting and administration, and do it all on the go.

At RightWay we are super Xero experts - well placed to help you squeeze even more efficiency out of this very cool software solution.

“Don't be penny-wise, and pound-foolish”.

Technology can make the management and execution of many mundane business tasks so much easier.

It can be very easy to get pulled into areas of your business that don't contribute to your goals. We recommend you take some time to research apps, tools, and websites that can drive your business towards you goal.

The research will be well worth every minute you spend on it.

Xero – a New Zealand hero, for business owners

Xero offers many features that increase your efficiency as a business owner, and enable better time management. Some of this can even be done from your mobile, while you sit through the trailers the next time you're at the movies (just make sure it's on silent).

- Business is moving faster every day. To keep up, your business needs the right tools to work smarter and faster. Xero enables you to revolutionise how you do business by giving you real-time information, whenever and wherever you need it.
- **Cash coding** - if you handle lots of cash transactions, Xero now allows you to code a list of transactions in bulk, saving hours of processing time.
- **Xero mobile app** - raise invoices, record transactions and code bank transactions on the go. This means that accounts are updated much more frequently (mainly because it's so much easier) and reduces the need for 'binge' bookkeeping, where you have to process months of transactions at once to catch-up.

- **Xero files** - store contracts or other documents either in a general library or attached to a transaction. No more time spent hunting documents or chasing copies - Xero gives you a central repository for all of your important files.
- **Find and recode** - change the coding of many transactions in just a couple of clicks, dramatically reducing time spent on correcting errors and reallocating transactions.

[Click here for more information on Xero](#)



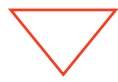
RightWay is proud to be a Xero Platinum Partner

◀ TIP 9 ▶

Understand the success factors of your industry

Sometimes you can be so focused on your business alone that you forget there's a whole market out there!





Although it's understandable, it's not a smart move to operate in a bubble!

Periodically, sit back and look at industry averages to ask yourself questions.

Look at areas you can improve as a business and where the opportunities lie.

- What are others doing?
- What is the market doing?
- Are there areas you could pick up that would allow you to work smarter rather than harder?

Futrli... The cash flow tool your business needs

Everyone knows cash is king. Good cash flow management is critical to a successful business but, 61% of small businesses experience cash flow issues on a regular basis. Futrli runs AI over your data to improve your cash flow, and help you make better business decisions.

- Predict your cash flow
- Prevent late payments from customers
- Analyse data and trends to give you business insights
- Get an overview of what is owing to you
- Utilise a smart workspace for seamless team sharing
- Integrate it with your financial data apps, such as Xero



FUTRLI

Check out
Futrli here

To be straight-up, we have no financial investment in Futrli – we just think it's great software that helps New Zealand business owners, big time.

◀ TIP 10 ▶

The importance of reporting

A great report can deepen your understanding of your performance in an instant.

Technology and great business advice can work together to keep you marching towards financial success.



Keep your eye on the ball by setting up simple dashboards that measure the most important goals for your business (which you sorted out in your business plan and your cash flow plans).

Generate reports on your business performance and progress towards your goals with modern accounting technology. This will mean you're on top of where you're at and it prevents you from getting lost in data.

The important thing to keep in mind when thinking about the reporting for your business, is that you want insights.

If this sounds a little outside the realm of what you know how to do, that's not a problem. This is where a great business advisor comes in.

Typically it is the job of an accountant to provide reporting for businesses. A good accountant should report on the numbers, but crucially, should also suggest what to do next. Not just burden you in numbers and data.

Is your accountant doing this for you every quarter? If not, you should be asking why not?

We're big believers that a modern-day accountant should be doing more than just looking at the books and preparing your tax.

A great accountant is a vital partner in flying alongside you in the cockpit, helping you make sense of the flight path you're on.

Your accountant (or a [RightWay Business Partner](#)) can help you set up reporting dashboards, select the relevant KPIs for your business, help you understand key metrics and make sure you're hitting your business goals.

Your business action plan

◀ TIP 1 ▶ Have a business plan

What now?

- Take the time to map out your goals for the next 6, 12, 18, and 24+ months
- Map out a plan to get you there that covers changes you'll make in each part of your business
- Stuck?! Get a third party to help

◀ TIP 2 ▶ How to set and measure business goals

What now?

- Decide the key metrics you'll use to measure success
- Find out how you're currently measuring on each metric
- Set targets for each metric
- Add these goals to your business plan

Remember: A great business advisor can work through this with you and help track progress against your key metrics

◀ TIP 3 ▶ Have a plan with a cash flow forecast

What now?

- Update your budget to ensure it has an itemised summary of your income and expenses for the coming year

- Use your budget as the basis for a cash flow forecast. You should have a dollar figure to show your monthly available cash
- Need help - the [RightWay team](#) can help you use [Xero](#) and other technology to see how much money is coming in and out of your business each month

◀ TIP 4 ▶ Know how to fund your cash flow

What now?

- Work out your average debtor days on hand
- Set a realistic target to reduce this number based on the amount of cash flow you need each month
- Check out how [Fuelled](#) and [RightWay](#) can help manage this short fall

◀ TIP 5 ▶ Plan your cash flow long term

What now?

- Got plans to grow, change, diversify? Work out how much these changes will cost over the next 12-24 months
- Use a long-term plan to see if you have enough cash flow to make the changes you need
- Got a short fall? Talk to a trusted advisor about how to bridge the gap

Your business action plan continued

◀TIP 6▶ Get advice from a 3rd party “sounding board”

What now?

- Who are your mentors and trusted advisors - note down who you go to for advice
- Are they supporting you regularly and making a positive impact on your business?
- Make a plan to get an advisor onboard and meet with them regularly

◀TIP 7▶ Structure invoicing so it works for you

What now?

- Review your invoicing processes and terms and determine if they're working for you
- What 1-2 changes would make the biggest difference? Make them!
- Need suggestions for change - check with your advisor

◀TIP 8▶ Use technology to help you manage time

What now?

- What daily, weekly, and monthly tasks are draining your time?
- Research tools available to automate and simplify these tasks - (check out [Xero marketplace](#) for partner app)
- Pick a solution and get going

◀TIP 9▶ Understand the success factors of your industry

What now?

- Get together with a RightWay Business Partner - they'll help you benchmark your performance using [Ranqx](#)

◀TIP 10▶ The importance of reporting

What now?

- Remember the targets and metrics you identified in your plan? How often are you reporting on them? Make a plan for regular reporting
- Talk to a RightWay Business Partner about the regular reporting they'd recommend (and do for you!)



The bottom line

It's time to find a trusted business advisor - someone who can be a sounding board through all the ups and downs of running your business.

In an ideal world your accountant should already be helping you with all the tips in this eBook. Does your accountant match that description?

If not, it might be time to grab a coffee with one of our Business Partners. They love coffee - but even more than that, they love helping New Zealand business owners succeed.

With RightWay you'll have access to a team of accountants to do your books, as well as your own personal business advisor on hand to guide you through the tips in this guide and more!

So what are you waiting for! Make a time for a no obligation chat with a RightWay Business Partner. The coffee's on us.

Keen for a coffee with the RightWay business partner closest to you?

Organise a time for coffee



The 10 tips you've just read are the foundation on which any successful business is run.

All the tips have the same drive behind them – to help business owners in New Zealand become more financially successful.

But, this book is about more than just financial success.

The tips are designed to help you form the foundations of a well-run, efficient business that allows you to work smarter (rather than harder), focus your time on the really important things in life, and ultimately, achieve financial success.

Why make things tougher than you need to when there's a better way?

Please note that the information provided in this guide is of a general nature and should not be construed, or relied on as suitable for your specific situation.

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