

## **TAKE A COMMONSENSE APPROACH TO BUSINESS**

Choose a business you understand or in which you can apply certain skills you have.

**Business plans** are essential. The bank may ask for one. It helps to have your ideas and aspirations on paper. It can be used as a promotional tool. Constantly update your business plan as the business develops and use it as a form of business review. It doesn't have to be a massive document.

**Management/Business skills** are very important. Do not think that having a good product is all you need.

There is nothing you do not know that you cannot find out. This may simply mean "Googling it".

**Finance** . Once you sign a contract for finance you have already made most of the mistakes you will make in that deal. They are costly to enter and they can be even more costly to exit. Get it right first. Compare the various forms of finance available.

**Credit management.** Outstanding debtors mean lost interest. Assess creditworthiness. Be fair but firm. A sale is not a sale until the money is in the bank.

**Presentation and marketing** works. Once you get them in the door most will buy something. Marketing can take many forms. Word of mouth is the most effective. As such there is no substitute for quality of service.

Use **advice** to your advantage. Major decisions should be made on the basis of sound expert advice or knowledge. An opinion from someone else can be helpful.

**Time management.** Plan the best use of your days. Do not waste time doing things that can be done more cost effectively by someone else.

**Efficient record keeping** drives an efficient business. A well organised filing cabinet can be a guide to an efficient business. File a little regularly and not a lot sometimes. Spend an hour now and save weeks later.

**Regular reporting.** Regularly compare performance with forecasts. Be aware of internal trends in your business. Do not assume that you retain all the relevant financial data of your business in your head. Regularly review the data on paper.

**Stock control.** Stock held is money wasted. Maintain efficient turnover of stock. Ensure the physical security of stock.

**Tax.** Focus on maximising after tax cash and not minimising tax paid. They do not always bring the same result. Make the best business decision first then consider the tax consequences before proceeding.