

Small Business Workshop

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BUSINESS SNOWY VALLEYS



Contact: Rob Southwell
Mb: 0402 900 550
rob@southwellfam.com.au



Disclaimer

This presentation is general in nature and does not constitute advice (legal, taxation or otherwise). You should seek independent advice in regards to your specific circumstances before acting on any observations or recommendations outlined today.



Today



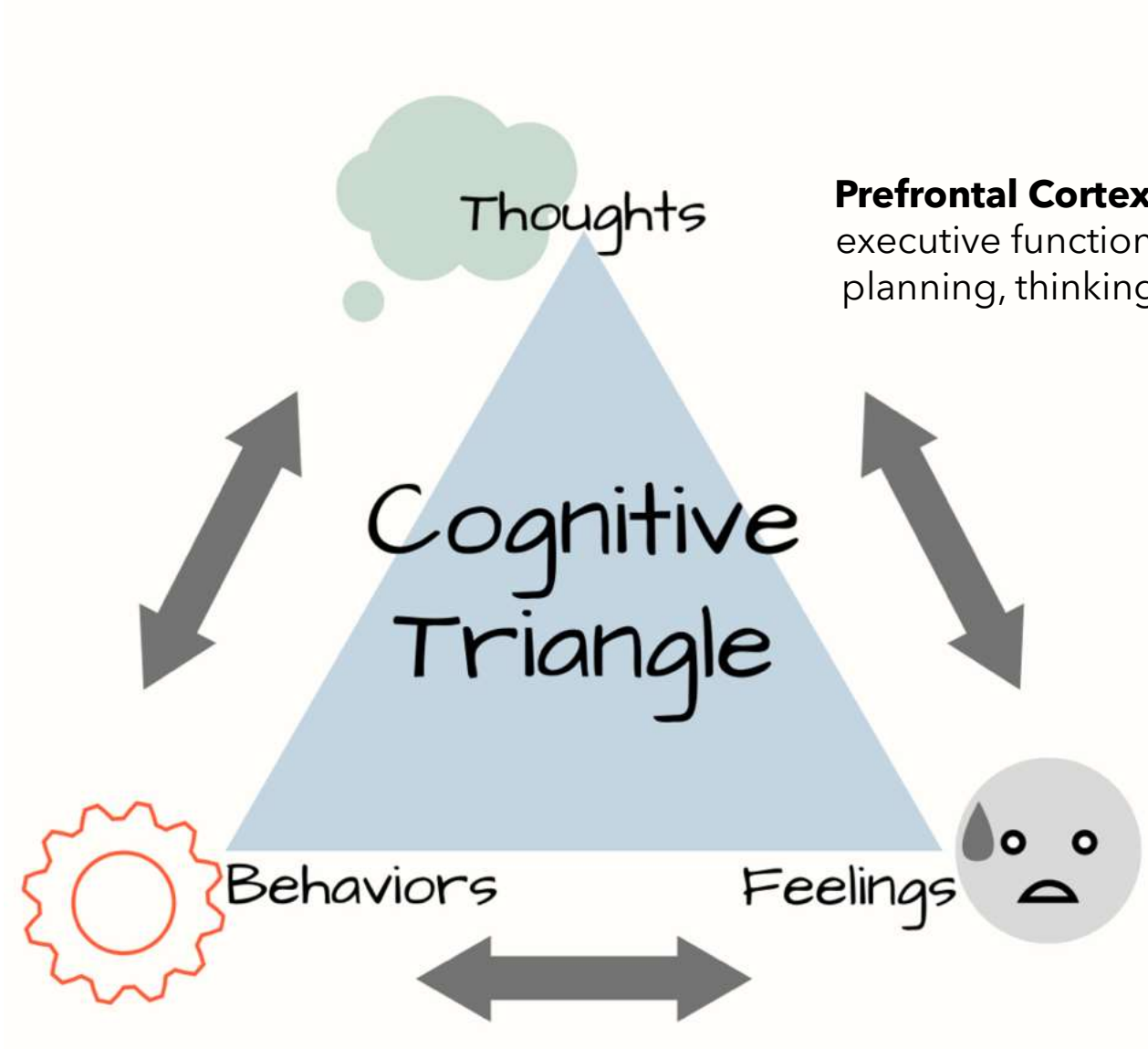
**KNOW THY
NUMBERS!**



THE 3 P'S



**CASHFLOW IS
KING...**



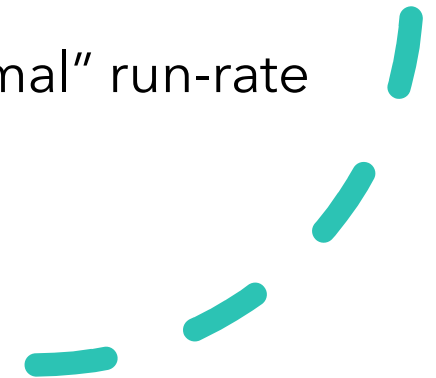
Prefrontal Cortex:
executive function,
planning, thinking

Amygdala:
emotions



Know thy Numbers

1. Get your numbers right
2. Have a plan
3. Understand your business in 3-4 financial Metrics:
 - i. Real Revenue Generators
 - ii. Contribution/Gross Profit in \$ and %
 - iii. Monthly fixed costs
 - iv. What you get paid
4. Weekly "actual vs budget/normal" run-rate



Task

Are your numbers up to date & timely?

Do you have an annual budget? If so, are you tracking against actuals at least monthly?

What's your 1 daily/weekly KPI measurement

What are your 3 highest \$\$ revenue contributors? What are your lowest?

What is your monthly fixed cost?

How much profit are you making each month?

The 3 P's

**The best business
to run has none
of these....**



The 3 P's

Product

People

Premises



The 3 P's

Product:

Understand:

- Product (or Service) **Revenue** Contribution by \$ (ie. What 5 or 10 products/services produce 80% or more of total revenue)
- Product **Gross Profit Contribution**
- how elastic is your demand to price changes?
- What products tie up cashflow
- Understand your product/inventory cashflow cycle

$$\text{Inventory Turnover Ratio} = \frac{\text{Cost of Goods Sold (COGS)}}{\text{Average Inventory}}$$

Task

How many days does it take to turnover your inventory?

Do you need to even house inventory? Is there a better way to manage logistics?

Can you order inventory when you receive a sale?

What are your supplier credit terms?

Can you find a cheaper supplier?

Can you get rid of low margin **\$ contribution products?**

The 3 P's

People:

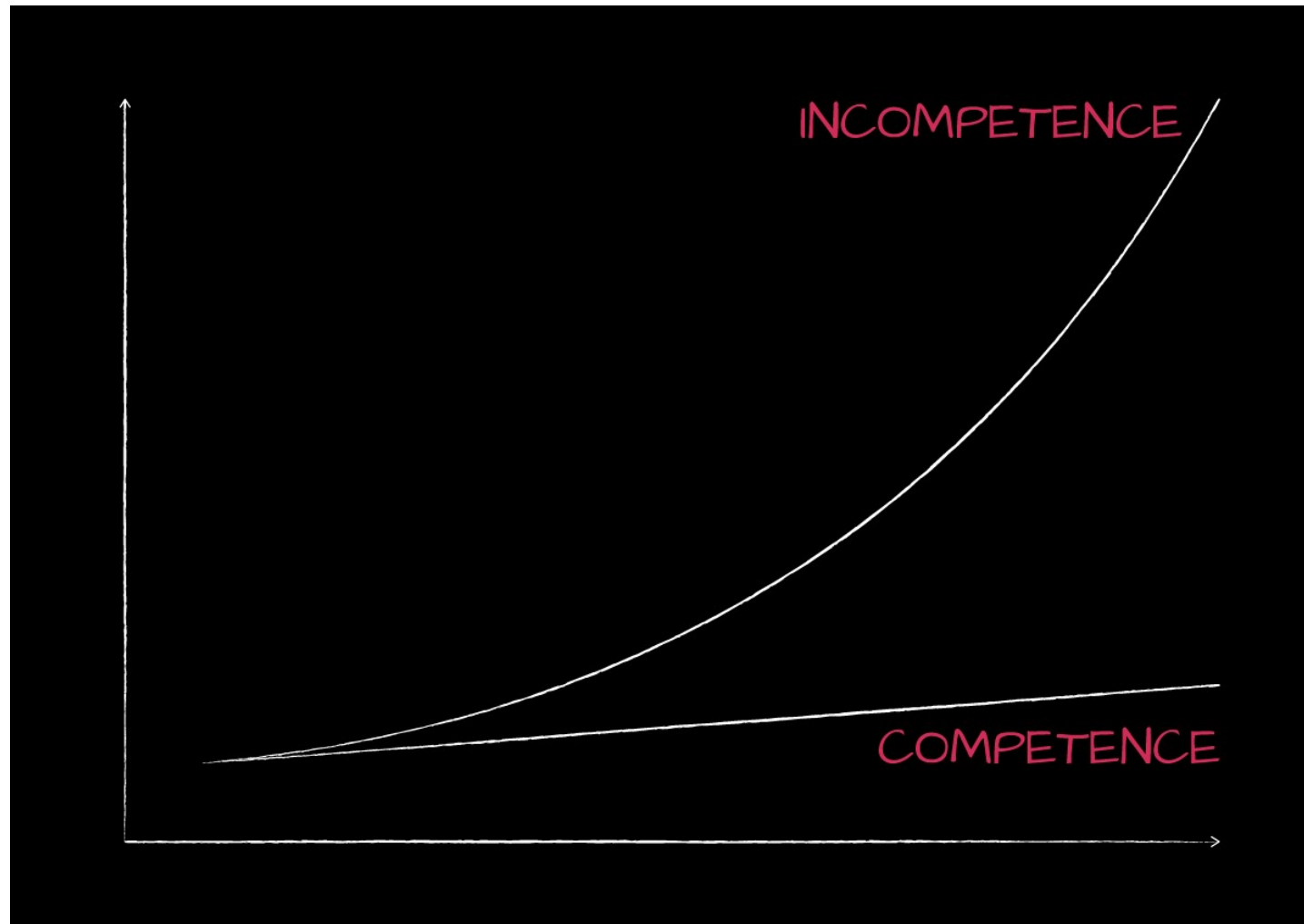
Prices' Law:

"50% of the work is done by the square root of the total number of people who participate in the work."



**As your
business
grows,
competence
is linear...**

**incompetence
is
exponential**



Task

Who is on your team and who is not?
(Right People, Right Seats...)

Would you operate worse/better/same without
those who are not on your team?

Would those \$\$ be better spent on the
contributors or even - you!

***Make sure you consult HR expert before doing
anything 😊***



The 3 P's

Premises:

WFH is here to stay...

Dead Warehouse Space

Alternative Logistics model?

The Office - Do your clients visit you or is it an escape for you?

Talk to property agents, understand your market.

**Cashflow is
King...**

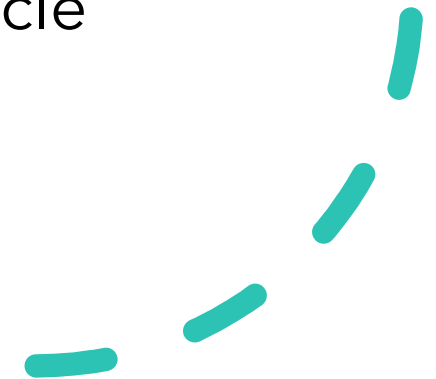
Cashflow:

Track your actual cashflow weekly

Cashflow blockages - S.I.D is likely the issue (**S**ales.**I**nventory.**D**ebtors)

Understand your cashflow cycle

Pay yourself first...





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Book Recommendations:

