



Time to Work Smarter

In the previous article in this series, I argued that a Recession should be seen as an opportunity to improve business effectiveness and efficiency.

This doesn't mean working harder, but it does mean working smarter. This can be undertaken on many levels, and in a number of ways.

One of the more difficult questions to be addressed during recessionary times is whether to shed staff. This is a particularly vexing issue for small business. Should I reduce costs by letting go of an experienced and highly-trained employee, knowing that there will be difficulty finding a replacement when business conditions improve? Can I afford to retain the person?

If there are working owners, there is another way of approaching this question: Is the owner working in the business instead of on the business? Let's say a business, for instance a travel agency, has three full-time consultants, one of whom is the owner. The business has been hit particularly hard by an economic recession. The owner is loath to let other consultants go, knowing they will be hard to replace, but there is only sufficient work for two consultants. Instead of laying off a staff member, the owner might consider using the excess capacity to start working on the business rather than in it. The owner could invest their time in enhancing their own business and management skills. They could invest their time in developing or reviewing business strategy, in preparing or adjusting budgets, in reviewing costs and in improving business systems. A reduction in net profit may be an immediate short-term consequence, but improved efficiency and profitability should result once business conditions recover.

How can efficiency be improved? Sometimes it simply takes 'thinking outside the square'. It's much easier to do this if you're working on your business instead of in it.

Let me illustrate with a small anecdote: A client (a butcher in a regional centre, in fact) once described his concerns over the large amount he spent on advertising. He advertised on radio, television, in the local press and by mail-box drops. He did not know what was working. The solution was in front of him all the time, there in his cash register, but he did not see it because he was so busy working in his business, not on it. I suggested he include a "mention this ad for a 10% discount on lamb" and a "mention this leaflet for a 10% discount on continental sausages", and so on. All he needed to do was program his cash register to record the departmental discounts. In just one month, he discovered which advertising media was being effective. Over the ensuing years, he reduced his advertising budget by over 50% and increased his sales volume by over 15%. With no drop in gross margin, this went straight to his bottom line. (As an aside, the media which worked for this business was the humble mail-box leaflet!)

Often the answers you seek are already there, in your accounting system. You simply need to think outside the square and ask the right questions. By participating in the Resurg Benchmarking program, you already obtain many of the Key Performance Indicators which can assist you in working smarter.

You can 'turbocharge' this knowledge and better learn how to act on the information by participating in the Resurg Performance Group program. Here you can obtain expert advice, and you can share experiences and ideas with, and learn from, other members of your franchise group. For a modest outlay you can significantly enhance the profitability of your business, and hence greatly enhance its value.