

Business Failure – How to Avoid

- Ensure that you have a realistic Strategic Plan and Business Plan, particularly the revenue targets.
- Use 13 week moving cash forecasts with a weekly cash meeting to compare forecast versus actual.
- Emphasis should be on the Balance Sheet - the health of the business (Return on Capital Employed) and not just the Profit and Loss Statement - the performance of the company.
- Strategy should be creative, intuitive individually generated and assume risk. Ensure team implementation of strategy.
- Regularly articulate the vision, mission values and strategies to gain staff commitment.
- Ensure that 20% of CEO's time is with customers.
- Have a 9+ management team.
- Have a bias for action - entrepreneurly driven but professionally managed.
- Use spread sheet what if sensitivity analysis to identify and implement key drivers of change in the business eg. use the Optimist program as described in Chapter 3.
- Use four one page reports to monitor the business based on Key Performance Indicators 13 week moving cash flow forecast, Balance Sheet showing trends, Profit and Loss report showing trends, and key ratios analysis all showing trends.
- Ensure that all managers are numerate in these reports.
- Keep fixed overheads lean.