

Brought to you by the team at WG Chartered Accountants

How to Make a Budget

Running a business without a budget is like trying to drive a car without gas.

To start developing a budget, you need to review your income and expenses. Be sure to look at past records, such as financial statements and tax returns. Once you have all of your information, list all expenses for three to six months or even the entire year if your business is seasonal.

Divide your expenses into relevant categories, such as debt, human resources and overheads. See if there are any spending patterns in each category. Also, remember to save money for emergencies or economic downturns. Be sure to allocate money for repairs, maintenance or any big investments.

Then use the figures and spending trends to project amounts for each area. Include annual totals, adjusting them for changes that you foresee to your business or the economy.

'...create benchmarks for shorter, easily managed periods.'

You may want to create benchmarks for shorter, easily managed periods, such as one or two weeks. Consider periodically reviewing the numbers and adjust them if your business conditions change.

Now comes the hard part: Sticking to your budget. Share it with your company's advisors, employees, and bookkeeper to get their support.

Remember your budget may have to be revised periodically depending on revenues generated, company direction and market opportunities.

However, careful budgeting will prevent large unforeseen lapses in your cash flow.



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Are Your Rules Too Rigid or Just Right?

Use this checklist to determine whether your rules are too rigid or just the right balance:

- Does the rule affect one group or employee disproportionately to the rest of your team?
- Is the policy truly necessary when considering the work the person does?
- Does this policy conflict with actual working conditions?
- Do I have a sound business justification that I can clearly and easily communicate?
- Have I clearly outlined and identified when and how the policy will be enforced?
- Have there been occasions in the past where this rule would have been useful?
- Am I really willing to enforce this policy consistently and earnestly?
- Have I documented the policy clearly and thoroughly and made sure every employee is aware of the changes?
- Will it cost me more time, money and effort to enforce the policy than what I chance to gain by having the rule?

Controlling Expenses to Control Cash Flow

Expenses and sales have an intimate relationship. Knowing how your costs move will help you control your cash flow and project your future.

Fixed costs remain relatively constant in the short term. Gradually as sales increase to higher levels, your fixed costs will grow.

As your business grows you may have to acquire more space. This is true of vehicle ownership,

insurance, employee benefits and telephone line charges.

Some control methods include:

Renting temporary space on a short lease.

Leasing rather than buying additional vehicles.

Outsourcing office work.

When sales increase, variable expenses per unit remain the same, but total costs rise with

sales.

Some control strategies:

Efficient manufacturing to reduce material or labour costs.

Proper scheduling to reduce expensive rush delivery charges.

Maintain your profits by promptly passing cost increases and decreases to your buyers.

*"Big shots are only little shots who keep shooting."
Christopher Morley*

Treating your Staff and Your Business to a Retreat

It may seem like a luxury or a waste of time and money, but staff retreats can be valuable energy boosters for your team.

And this is good for your bottom line. To get the most from a retreat, consider these tips.

Opt for an off-site location. This reduces interruptions and sends a message to your team that this is important. After all, you have invested significant time and

money to coordinate it off-site.

Have a purpose. Be sure to do your homework before the retreat. Have clear goals outlined and tasks you want to accomplish with your team. You may decide a retreat is a regular part of your visioning process and hold one annually.

Use a facilitator. If you are experiencing tense relations with

your team, you may want to hire a professional facilitator to open communication.

Facilitators may also have specific expertise in customer relationship, marketing and organisational development strategies.

*Ask Us About The
Annual Business Performance Review*

*"Common sense is the knack of seeing things as they are, and doing things as they ought to be done."
Harriet Beecher Stowe*

3 Types of Competitors

When you know who is vying for your customers, you can make more strategic decisions about how to appeal to current and potential customers. Consider three categories:

Direct competitors are the specific brands or companies you feel tugging at your customers every day. They compete in the same geographic area as you do and they market a similar product or service.

Indirect competitors belong to a

different business category, operate in a more remote location but offer a similar service or product.

Occasional competitors are those companies who appeal to a similar interest of your customers or clients. For example, a hardware store customer might purchase with a home improvement in mind or they might make a purchase with a hobby that requires

certain tools in mind. On the occasion that the customer is purchasing home improvement items, other home improvement stores can be seen as competitors.

Likewise, when the customer has the occasion to spend money on his/her hobby, hobby stores would be considered the occasional competitor.

Know Your Business So You Can Bust the Competition

To succeed and get the most out of your marketing efforts, you have to first make some critical decisions and close the gap on the range of competition.

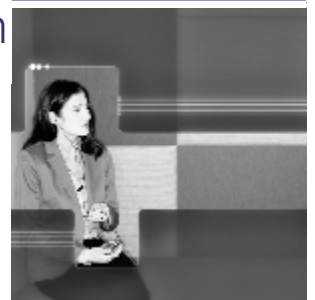
It's a mistake to try and be too much to too many people. In this marketplace, the winners exercise honesty with themselves and their customers about what they offer and whom they serve. Before you analyse your competition, clarify

what your business does:

- What industries is my business in?
- What products and services do we offer?
- What brands are in direct competition with mine?
- Where do we do business?
- What are our channels of distribution?

The clearer you are about what business you are in, the clearer your customers will be. Remember the fastest way to success is differentiating your business from the rest. Use these questions as a foundation for defining your business.

For more assistance, please contact your Principa Alliance member.



Team Up with Quality Players

Strategic alliances can be one of your best marketing tools. But like anything else, you need to be strategic in you picking and choosing the right alliance. Consider these basic guidelines for picking and choosing.

- Alliances need to meet your quality level or surpass it. Lower quality partners "lower

the bar" for your company.

- Strive to bring in partners with slightly higher quality standards. It will lift the customer perception of your company and reduce potential dissatisfaction.
- Make sure you find a partner you feel you can

reasonably trust.

- Finally, look for companies that have longer track records. You can leverage their credibility when you make sales calls.

Listen Hard, Talk Straight with Your Customers

If you want any relationship to work, you have to get this right. Honest, two-way communication is the foundation for trust, respect, integrity and loyalty. And it doesn't always come easy. It often requires courage.

Consider your own experience as a customer. Remember a time when you felt cheated or misled. The business may not have even been *intentionally* cheating you or jerking you around. But the point is you felt that way. And you may have customers who have felt the same way about your business.

Think back to your bad experience. Would you have felt differently if the company had clearly stated prices, order tracking or delivery schedules that

were available to you as a customer?

Would it have made a difference if someone had recognised the problem they caused you, accepted responsibility and

'Recognise the problem, accept responsibility, offer an alternative.'

offered an alternative?

Would you have more faith in the business if a representative of that business just plain told you

the truth instead of trying to cover their tracks or avoid having to resolve the problem? Chances are you're saying yes right now.

If you want to create a lasting relationship with your customers, it would be wise to make sure you offer them the truth and an open ear. No one wants to feel ignored or dismissed, especially if they are already upset.

One of the best ways to let your customers know you are listening is to implement their ideas. Who better to know how you can better serve them than your customers? When they let you know what you can do to make them happier, truly listen and assess their ideas.

WG Chartered Accountants – What we offer...

General compliance to ensure you meet your obligations:

- Annual accounts
- Corporation tax
- Personal tax
- Monthly & quarterly management accounts
- Unlimited phone contact

- Dashboard & Gameplan
- Performance review / Health Check
- Seminars
- Executive forum
- Business plans
- Tax strategies
- Financial advice

- Company formations
- Company secretarial service

To discuss how WG Chartered Accountants can work with you, on your business please call us on 01242 260445

Services which will ensure you achieve your potential:

- BoardView
- Benchmarking

Services to make your life a little easier:

- Book keeping
- VAT returns

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