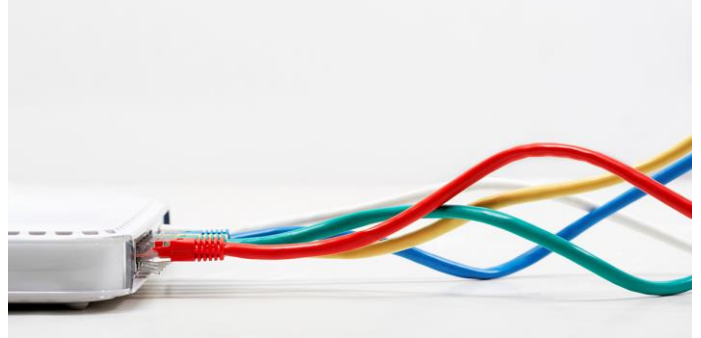


## Issue Seventy Six

### LAUNCHPAD

#### Stay fresh in the net

We live in a world in which more people are connected than ever before. Smartphones, tablets and laptops are now integral to our everyday lives. How is your business faring in the digital universe? Make sure that your business' digital footprint is still stepping out even when you've closed up and gone home for the day.



**Be where they'll look for you.** First, how wide is your business reach? Are you strictly seeking local business, wanting to convert drop-by and passing trade into enthusiastic repeat business? Or do you have a wider geographical reach, seeking regional, national or international business? Either way, make sure people can find you, see what you have to offer and connect with you easily. Have a clear vision of the kinds of networks most likely to reach your ideal customers and the kinds of listings, social media or search terms they will use to look for your goods and/or services.

**If they search will they find you?** Pretend you're someone looking for the goods or services your business offers. Google those goods and services. Does your business come out on top? Is it even in the first page of search results? If not, it might be time to rethink your search engine optimisation (see article this page).

**What are they saying about you?** Can you see any user reviews? Are they favourable or are there opinions you want to turn around? Take action and follow up where you have unhappy customers.

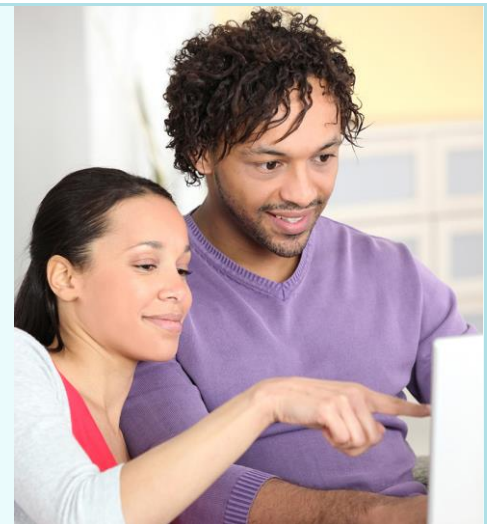
**Could your reach be wider?** While you're googling yourself, do the same for some of your competitors. Are they connected with sites, networks, or directories that you hadn't heard of? Would it help your business to be listed there too? Does your current reach support your plans for growth or are you ready to plan the next step?

If you ticked the web off your marketing to-do list when you got a website and Facebook page, your web presence may look dangerously like a placeholder rather than a vital link with customers. Take its temperature. Keep it fresh.

#### FYI... Search engine optimisation

Search engine optimisation or SEO helps your site rank as highly as possible in search engines. The ways it can do this have been changing over time to keep up with Google and other search engines as they adapted in a changing online landscape. When it ranks your site, Google will factor in some 200 factors, including site speed, backlinks (links pointing to your site), social media signals and site usability.

A basic approach used to be to just stud your site with links and ask others in your network to link to your site. This isn't how it works anymore. This approach can work against you as search engines can penalise your site for potentially spammy links. Updating your site regularly is a good strategy. Make sure your site is mobile-friendly – this is a factor in your search ranking. If you think your business should be more visible in searches, this might be a good time to connect with an IT professional who can bring your site up to speed.



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## Stress – beating it to the punch

Stress is a sneaky wee thing. It can creep up on you completely unaware, knocking you down when you least expect it. If you're busy it's easy to forget to look after yourself. It is all too easy to let things get on top of you. However, looking after number one doesn't have to be difficult. The idea is to prevent stress, before it presents itself.

**Get Moving.** We're not saying you have to take up boot camp or run a marathon, but simply get your body moving. Take a long walk in the weekend, try swimming a few laps in a pool or simply park further away from the office and take the stairs, rather than the lift, where possible. Exercise has been proven to clear the mind and boost energy levels.

**Make a list** and write down what you have to do and in what order. Work your way through the list one task at a time, from the most pressing to the least important. You'll be amazed at the way a list can clear your mind about the day or week ahead, not to mention how motivating it is to cross each task off!

**Step outside** for some fresh air and vitamin D, both of which are hugely underrated. It's likely that in this day and age, your office is fairly mobile. If you can, take your phone calls outside or reply to a few emails on your smartphone. If you don't get a chance to take your work outside, make sure you take a five minute break or a walk before or after lunch.

**Book a ticket** and flee. That's right, take a break. Reserve a seat and go. It may only be for a weekend or you may choose to take some of that well deserved leave. Either way, by stepping away and shutting off for a time, you're bound to return refreshed and revived with more energy. Ward off that burn out!

**Be aware** of what it is that usually makes you stressed in the first place. Think back to previous situations when you've felt like things are getting a bit much. What is the trigger? By shining a light on what instigates your stress, you may be able to see it coming and deal with it more promptly in future.

Stress can still break its way through, despite your efforts to stay on top of it. Remember to take a deep breath and if need be, take a step back. Things will only get worse if you're not around, so remember to take care of yourself first.

## KPIs – keys to success

When you look at your numbers, do you see how you're doing? Do you see how close or how far away the business is from realising your goals? What are you measuring that will tell you whether you're racing or just revving the engine?

What are your key performance indicators? And how many of them are there?

Key performance indicators (KPIs) are the measures your business uses to track progress against your business goals. Your KPIs relate closely to your goals and, if you are going to track performance against goals, you need to be able to measure them.

KPIs need to mean something to you and your team so that the strategic planning session doesn't just fizzle out under a blanket of corporate-speak. You know the terms: efficient, effective, community engagement, sustainability, productivity, blah blah blah.

They all meant something when they started out in life but unless they mean something to you and your team right now, you may as well watch your team slip gently into a deep sleep. What about the conversion rate from quotations to sales? The average sale to new customers? The number of stock outages or complaint rate?

Not every business is the same and not every business owner wants the same things. So each business' KPIs may look different.



## Work on KPIs with your team

When you develop your strategic plan with your team and you work out your goals for the next year, what are the factors that will indicate most clearly how well the business is progressing towards meeting those goals? Try and keep it to six or fewer for the business overall.

It may turn out when the team starts to talk about it that different parts of the business measure their success in different ways. If you find this, work out KPIs for each department (not too many) and make sure it's clear how they feed in to the KPIs for the business overall.

If you know what your goals are but it's not clear how you will measure whether you're achieving them, why not talk to us about working out KPIs to suit your business.



## Focusing on profit

Last issue we talked about Net Profit and what it tells you about profitability. Remember?

### Net Profit = Total Revenue – Total Expenses

That wasn't the end of the story. As you know profit can be elusive. It's important to know as much as you can about how to look at the numbers to assess true profitability. Net profit margin is something else to look for.

### Net profit margin

When you know your net profit, you can analyse net profit margin. It looks at net profit as a percentage of total revenue. In other words, it's what proportion of revenue remains out of all revenue, after deducting operating expenses, interest, and taxes.

$$\text{Net Profit Margin} = \text{Net Profit} / \text{Total Revenue} = (\text{Total Revenue} - \text{Total Expenses}) / \text{Total Revenue}$$

## Why is net profit margin important?

Net profit is your bottom line after all and some business owners might be content not to dig deeper. But if you don't, you won't know what percentage of revenue ended up in the bottom line. Shareholders and potential investors would be quite interested to know what it is because net profit margin says how effective your business is at taking revenue and making it into profits available to shareholders. If you're trying to pitch your business to investors, net profit margin is a way to grab their attention.

Keeping an eye on changes in your net profit margin is also a great way to keep tabs on how profitable your business is over time.



## How is net profit margin different from gross profit margin?

Let's go back to basics. Profit margin is a percentage that tells you the amount a company earns per dollar of sales.

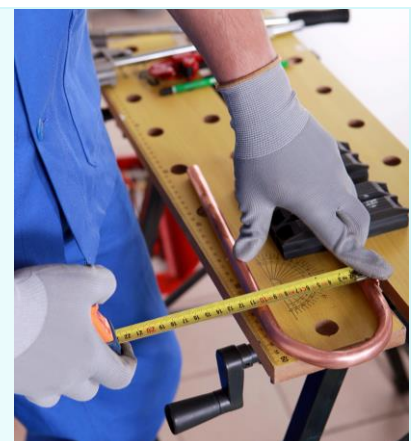
Gross profit margin shows your total revenue minus what it cost the business to produce the goods or services it sold. It's the amount a company earns per dollar of sales after you deduct how much it cost to make the sale (aka cost of goods sold). It's a broad brush indicator of profitability and you can use it to help you work out your breakeven point.

Because you can be making more money but not as much profit (if, for instance, your overheads or your taxes go up), net profit margin gives you the next level of detail to help you zero in on profitability. It factors in other expenses beyond the cost of sale.

## Summing up

Net profit margin shows your profit as a percentage of revenue, after all expenses have been deducted, including tax and any interest paid on money you owe. It is the percentage of revenue that actually reflects a company's profit per dollar of sales. If you operate in a competitive market, bringing your costs down might be a better strategy than increasing your prices, especially if in the short term it's hard to increase your market share. A better cost management strategy, consolidating your debts or finding a more favourable interest rate may all be worth considering.

Your bottom line remains all important. But squeeze it to make it tell you more so you can keep improving profitability in your business.



*'The secret to my success is that I bit off more than I could chew and chewed as fast as I could.'*

Paul Hogan

## ENGINE ROOM

### Recruit a great team

High turnover can be costly, burning up resources for advertising and recruiting and the time taken for training. Finding and maintaining a dedicated team can be crucial for your business. Here are some tips to ensure employee retention.

#### The right stuff

Dealing with unreliable employees is costly and aggravating, so employ the right people. This probably sounds harder than you think, but really it's not.

Take careful look at each CV, ask the right questions and ensure this person isn't too quick to jump ship. This doesn't mean that you should immediately disregard potential candidates who have had a bevy of jobs, but perhaps ask reasons as to why someone may have moved around a bit.



#### Room to grow?

Try to look for someone who is willing to grow at this particular stage in his or her career. And don't under-estimate the candidate's ability to fit in with you and your current team culture. He or she may be a star performer but if they're not a good fit in your team, it can throw everyone's game off.

## Becoming an employer of choice

Like the bumper stickers say: be the change you want to become. How to attract great people to you and how to keep them: the challenge is to become an employer of choice. The rewards lie in a great team who identify with your values and vision, enhanced profitability and innovation. And let's not forget the sheer feel good factor.

#### Team culture

Make the environment a good place to be by creating a healthy and enjoyable working culture. This can encourage suitable employees to apply for a position in your business, right from the start. Ensure the culture complements your business. Are you trying to achieve a tight ship or a more laid back atmosphere? Check in with the culture regularly to make sure the team is happy and finding work an enjoyable place to be.

#### Invest in your team

Ensure up-skilling and training are available. We've talked about this one before and there's a good reason. It creates loyalty in your team, can help to ignite passion and of course, can solidify employee retention. If you have the right staff on board, they'll see it as an investment in their career and for you, it's an investment in your business.



#### Follow your lead

Be a good boss. Pay your staff accordingly and review pay at regular intervals. Try to be as flexible as possible - nothing is more frustrating to an adult employee than having strict rules in place. If the work is being done and done well, there's no need to check your watch when staff members are coming or going - allow for some freedom with start and finish times or lunch hours. Remember that your staff are human and have lives outside of the office.

Building and keeping a great team is possible. Be a better role model, communicate well by being open and listening and, most of all stay aware of your environment and your team.

### An Important Message

While every effort has been made to provide valuable, useful information in this publication, this firm and any related suppliers or associated companies accept no responsibility or any form of liability from reliance upon or use of its contents. Any suggestions should be considered carefully within your own particular circumstances, as they are intended as general information only.

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