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In business should I focus on my profits or cashflow?

To further delve into the importance of cashflow management and its relationship with long-term business stability, it is essential to understand the potential risks and challenges that can arise when profit becomes the sole financial focus.

Cashflow Challenges: Businesses that solely focus on profitability may encounter cashflow challenges. Even if a company is generating substantial profits on paper, if the cash is not flowing in at the same rate, it can create a cash crunch. This can result from various factors such as delayed customer payments, inventory management issues, or high

levels of debt. By neglecting cashflow management, a business may find itself unable to meet its financial obligations, jeopardising its stability.

Operational Efficiency: A strong emphasis on profit alone may divert attention from improving operational efficiency. Businesses need to optimise their processes, streamline operations, and identify areas where costs can be reduced without compromising quality. By implementing lean practices, businesses can enhance productivity, reduce waste, and increase their cashflow position. Efficient operations contribute to long-term stability by ensuring resources are utilised effectively.

Financial Planning: Focusing solely on profit may lead to a lack of comprehensive financial planning. Businesses need to anticipate and prepare for various scenarios, including

economic downturns, unexpected expenses, or shifts in the market. Cashflow management involves developing cashflow projections, setting financial goals, and creating contingency plans. By integrating financial planning into the overall business strategy, companies can mitigate risks and navigate challenges more effectively.

Working Capital Management: Neglecting cashflow management can hinder effective working capital management. Working capital represents the funds required to cover day-to-day operations, including inventory, accounts receivable, and accounts payable. A business with insufficient working capital may struggle to meet its short-term obligations, impacting its ability to operate smoothly. By actively managing cashflow, businesses can

optimise working capital, ensuring they have enough liquidity to sustain their operations and seize growth opportunities.

Investment and Growth: Focusing solely on profitability may limit a company's ability to invest in its future growth. Cashflow management enables businesses to accumulate surplus funds that can be allocated towards strategic investments, research and development, marketing initiatives, or expanding into new markets. By balancing profitability and cashflow, businesses can strike a sustainable

equilibrium, ensuring they have the necessary resources to fuel long-term growth.

Financial Resilience: A business that prioritises cashflow management builds financial resilience. This means having the capacity to weather economic downturns or unexpected market shifts. By maintaining a healthy cashflow position, businesses can navigate challenging times with more confidence, as they have the resources to sustain their operations and seize opportunities when competitors may struggle.

In conclusion, while profitability is a crucial aspect of running a successful business, it should not overshadow the importance of cashflow management. By understanding the relationship between cashflow and stability, businesses can proactively manage their finances, optimise operational efficiency, and position themselves for long-term growth and success.

Do you have an After-Sales Service?

We understand that the customer is always right. Keeping a customer happy isn't just good business management, it's good for business, returning business.

You want your customers to feel valued and that they are spending their money with a business that appreciates their custom and is willing to show that gratitude. Whether you are selling big-ticket items, or maybe you are selling your own services, having a good after-sales service can only help your business.

Interacting with someone that has just bought from you or used your services is a golden opportunity to start building a customer relationship. Take advantage of being top-of-mind and see where it can take you – and ensure you're offering the best after-sales service to this brand-new customer. It could lead to a referral, or at least to continuous business with that customer.

Have a great customer service culture



– if a new customer has questions, or a problem, you need to make it as easy as possible to get in touch. Whether this is via a phone helpline or email support, it's important that your customer service is friendly, helpful and creates the right impression of your brand. If new customers leave with a good feeling, that can be the start of a long and valued relationship. Check in – checking that a customer is happy with their product/service is always a good idea. They may be a brand-new customer, or they may be an established buyer of your products, but you want them to know that you care.

Set up an after-sales email – once a sale is made, it never hurts to send the customer a thank you email, or even better have some emails stored on your database for different levels of customer, such as first-timers or

returning. These will include things like congratulating them on buying the product, asking them for feedback, checking in on their ongoing product needs and sending them exclusive customer offers.

Offer exclusive deals– Customers like to feel special, so creating exclusive customer offers is one way to make your audience feel valued. Offer them discounts, give them early access to new services, or send them a discount offer when they reach certain milestones as a customer.

Word of mouth still goes a long way in Ireland in terms of landing new customers. We know that ourselves and we believe in strong after sales care in order to keep our customers happy. Implement the above tips for your business and you may see an increase in returning business.

A business continuity plan

Our team know that keeping your business operational is a full-time job.

It's a balancing act that requires you to keep a multitude of plates spinning, while your executive team and employees support you at every stage of the operational journey. But what happens if these plates stop spinning?

Sudden unexpected threats can catch you on the hop. What if an unexpected circumstance comes up that derails your usual operational procedures? How will you cope? What will you do to overcome the issue? And how will you get the business back on target?

The answer lies in having a thorough business continuity plan.

What's a business continuity plan?

A business continuity plan is an executive plan that describes the risks that exist in the business, your strategy for dealing with these known and unknown risks, and how you will mobilise your team to overcome any issues, emergencies or gaps in trading etc.

None of us truly knows what lies around the corner. Most businesses were not expecting the 2008 economic crash or the 2020 Covid-19 pandemic. If you can plan ahead and put contingency plans in place, you'll be better prepared when a worst-case scenario does appear.

How do you formulate your plan?
Every organisation's business continuity plan will be different. We all have different business models, different company hierarchies and different risks that are peculiar to our own sectors.

But the fundamental basis on which



you create your business continuity plan will be the same however your company works.

Identify the critical areas of your business – look at your operational business model and think about where it's most likely to break down under pressure. Are you reliant on a specific supplier to operate? Which are the fundamental departments in your model and what do they bring to the business? Who are your core heads of department and staff, and who could deputise for them in their absence? In short, look for anything that could break down and how this could affect the whole business.

Create back-up continuity plans for each critical area – you obviously need your main continuity plan to cover the entire business. But it's also important to look at the risks, essential personnel and key operational activities for each separate department in the company. Your finance team will need a very different continuity plan to your logistics and delivery team, for example. So, tailor each continuity plan to fit the needs of your main business areas, and make sure they're all fit for purpose.

Assign a continuity lead and department leads – it's a good

idea to assign a main business continuity lead role or champion, so the responsibility for reviewing and updating the plan sits under someone's remit. You'll also need to have a lead person for each critical department, so every cog in the wider machine is represented.

Make sure everyone knows the continuity plan – a business continuity plan is useless unless the whole company is aware of the plan and knows what to do. Have a central phone number, WhatsApp group and email address set up for any business continuity emergency. And use your internal communications team to provide regular messaging, training and updates on changes to the ongoing continuity plan.

Keep the business operating – ultimately, your continuity plan exists to keep the company operating in challenging times. It could be that your HQ is flooded out and has to be closed down and moved to an alternative location. It may be that significant employee sickness hits you, leaving only a skeleton staff to run each department. Whatever the circumstances, your plan needs a contingency in place, so you and your remaining staff can continue to trade, make sales and bring in revenues.

Scaling up your business

We are aware that scaling up your business isn't about steady growth over time. It's about having a clear strategy for quickly expanding the business to achieve full-scale hypergrowth and achieving your goals.

Most businesses grow organically, adding customers here and there and gradually expanding over time. Scaling up aims to accelerate this process, pushing your growth to move beyond that slow, organic pace.

Our team have 3 tips to grow your business:

Systemise your processes and build scalability into your DNA

Scaling up is a fast-paced, hectic and transformative process for any business. But with the right planning, strategy and funding, the return on your scale-up investment can be significant. Systemisation is the starting point and the driver of your efficiency.

The aim of your systemisation process is to make the business ordered, standardised and efficient. Look at how



the business works. Write down every process and operational action. Then see how these processes can be made as lean and effective as possible, and aim to make these operations easily repeatable – so they can scale on demand as the business grows.

If any processes can be automated, automate them. Automation is a key driver of productivity and efficiency, so make use of any tech that could help you get more streamlined.

Remove yourself from the everyday running of the business

This may sound counterproductive, but a big goal of a scale-up strategy is to make yourself redundant from everyday business. If all the operational elements of the business have to pass through you, as the founder and CEO, then that limits your ability to scale.

Remove yourself from the equation, so the business can grow without your everyday input at the operational level. This allows the business to function without you, leaving you with more time to focus on the high-level strategic work. That's more time for business development. More time working on innovation. More time building relationships with customers and suppliers.

Expand your executive team and workforce

Once you've stepped back from the day-to-day tasks, your CEO role can become far more of a driving force behind the growth of the business. But you can't do this single-handedly. You'll need a close and trusted executive team to work with. Plus an experienced management team who you can delegate to. And an expanded workforce at all levels of the organisation.

Agile Innovation Fund Event

Enterprise Ireland's Company R&D Unit hosts information events and online webinars on Agile Innovation, Research and Development funding programmes.

The Agile Innovation Fund is a great fit for companies that need to rapidly develop solutions or are planning a first new product, process or service development project.

With fast track approval and a streamlined online application form it allows companies to access up to 50%

in support of innovation projects with a total cost of up to €300,000.

Event: Agile Innovation Supports Event
Date: Thursday 22nd June 2023
Venue: MERITS, Devoy Quarter, Naas, County Kildare, W91 FE8V
Time: 11am to 1pm (light lunch included)

Are you a slave to your business?

We understand that sometimes it's very hard to switch off when you own a business. You feel like you have to be available to customers 24/7 and always available to your staff and clients. There are lots of reasons why you feel like a slave to your business. In other words, lots of excuses. So, what can you do to stop feeling this way? How can you get back in control of your business?

First, review and update your working practices. If customers are contacting you at all hours, put in place a timeframe for responding, e.g. within 24 hour, and communicate this with your customers. Turn on out of office responses or delegate the job of manning out of office emails to an employee that would like to work on an adjusted timeframe.

Next, if you don't feel like you can trust your team to run your business without you, establish why this is. Do you think



your staff need more training and support? Have you given them the opportunity to step up and take on more responsibility? Do you need to hire new members of staff or outsource some tasks?

So what can you do to improve your work-life balance and making time off a reality? Moroney & Co. has some ideas for you to implement. Set goals for what you want your business and personal life to look like in 12 months. Break these down into 90-day goals and actions to achieve those goals. Take ownership, accountability and responsibility for regaining control of your business.

- Set a time to get home on time every night. Try to get home at least three nights a week initially and then build from there.

- Set your online calendar to schedule meetings to times that suit you. You cannot be available 24 hours a day.
- Hire new staff to man your out of hours calls or offer the job to existing staff that may be interested in alternative working hours.

Review your staff's responsibilities. Do you need to train and empower your team to take on more responsibility? Turn on out of office email replies. You can't reply to every email you receive out of working hours. Unless it's urgent it can wait until the morning. Whatever your reasons – or excuses – are for feeling like a slave to your business, now is the time to reflect on what it is you wanted your business to deliver to you. Our team hope these tips will help you strike a new work-life balance.

How's your work-life balance?

So, can you run your business effectively and still have enough time left over to do the things you love and spend time with your loved ones? You're the best judge of how much time your business needs, but don't neglect your wellbeing. If you would like to take back some personal time, you could consider these tips:

- **Delegating** – don't try to do everything yourself
- **Saying no** – not every project is worth taking on
- **Investing in systems** – to reduce time on admin or paperwork
- **Taking all your leave** – find ways to have breaks and holidays

It's important that you can step back at some point to take a holiday, travel, or spend time with family. Being tied to your business for more than 60 hours each week isn't a sustainable way to take care of your health and higher profits aren't worth that sacrifice.

Outlining the ideal customer

We know that customers form the beating heart of your startup. Without a stable customer base, you can't generate sales, bring in income or create a viable business model. So, it's vital for your new business to have a very clear and fleshed-out idea of your 'ideal customer'.

Your perfect customer may well evolve and change over the life of the business, but it's important to define your initial customer audience right from the outset. Here are some tips from the Moroney & Co Accountants team to define your perfect customer.

Who is the end customer for your products and/or services?

Whenever you create a new product or service, you should have a very specific idea of who your target customer will be. Understanding that customer profile is incredibly important.

What are the key needs of this demographic

A good business model provides a solution to a given customer's need. Understanding that needs in forensic detail is what gives you the power to customise and tailor your offering. Is your ideal customer a high-street consumer, or a procurement manager in a business? Will your audience be younger or older, at the top end of the economic spectrum, or someone with limited cash to spend? Think about the full demographic breakdown of this perfect customer and make as detailed an outline as possible, so you know exactly who you're targeting.



How does your product/service meet these needs?

Knowing your customers' key needs is only half of the conundrum. What you have to do now is offer a product or service that actually MEETS these needs, at a price the customer will pay.

Ask yourself, 'what does the customer want, and how can we provide it?'. If you can design the right solution, you're already halfway to creating a new customer.

How do you intend to reach this customer audience?

To sell your products, customers must be aware of your brand. So, an important part of your customer research will be understanding which marketing and promotional channels to use.

Knowing where your customers hang

out – both online and in the real world – is a critical piece of information when it comes to promotion. In the digital age, there's a baffling mix of different online channels and social media platforms to navigate. But by doing your research carefully, you soon start working out whether your target audience is Facebook fans or Twitter or Instagram lovers. The more detailed you can be about these customer preferences, the better you'll get at choosing the right promotional and marketing routes.

Bringing it all together into a customer profile

By combining all the information you've gathered into one concise customer profile, you give your sales and marketing team a very clear picture of who to target.

Setting sales targets for your business

We believe strongly that setting sales targets for your business and achieving them is solid practice for any aspirational, growing company. If you're going to stretch the sales and marketing teams, it's important to have clear, unambiguous targets for them to aim for. But what happens when a crisis looms?

In uncertain times it's more than likely that your pre-crisis sales targets have effectively become unrealistic and impractical for your teams to use. But with things slowly returning to normal you can begin to reset your goals back to where they were pre – Covid.

So, how do you set sales targets during or after a pandemic? And how can you ensure these targets are meaningful, accurate and workable for your business goals?

Understand your turnover and profit goals – do you know how many sales to make if you're going to break even, or want to actually make money? Understanding your gross margin, your break-even point and your desired



profit margin helps you calculate how many sales will be needed to achieve this profit goal. Bear in mind, of course, that your sales will be down during a crisis and work this into your figures and targets.

Make your targets SMART – if you set sales targets then these numbers have to be Smart (Specific, Measurable, Achievable, Realistic, Timely). Break them down into achievable goals, such as weekly or monthly targets, and track your actual sales over time so you can see how you're performing against your target. Look at regular performance reports and make these part of your regular management meetings, so you can discuss how you're tracking and can take evasive action if you're not hitting the desired targets.

Track other sales elements – in challenging times, or not, it's also worth considering what other elements of the sales process you can measure,

to get a handle on how you're doing as a business. Track things like calls/enquiries, visits to your home page, trials, bookings or customer demos. Analyse what drove these enquiries or visits, so you understand where things worked well and you can do more of the same.

Fill the information gaps – Are there any gaps you could fill to get a better understanding of the market and your customers? A proactive effort to make more follow-up calls with existing customers can be incredibly informative. Running a customer feedback survey can also help to gauge where the sales process works well, where you could do better and what their future buying intentions might be over the coming months of the crisis.

We hope these tips may help your business return to, or improve upon where it was pre-pandemic.

Funding Supports for your business

Enterprise Ireland is the state agency responsible for supporting the development of manufacturing and

internationally traded services companies.

They provide funding and supports for companies – from entrepreneurs with business propositions for a high potential start-up through to large companies expanding their activities,

improving efficiency and growing international sales.

For more information on the supports they offer, go to: www.enterprise-ireland.com/en/funding-supports/

Improvement Planning For Your Business

Businesses across Europe have learned firsthand the challenges faced in the past year. In response to crisis after crisis, the focus has shifted towards sustaining and navigating the business through turbulent times, rather than concentrating on growth and expansion.

Irish businesses, like their European counterparts, have been thrust into unexpected change, often forced into survival mode. However, upon reflection, it becomes apparent that some of these changes were inevitable. The digital transformation and the adoption of hybrid working conditions, for instance, were trends that were propelled at an accelerated pace due to the impact of Covid-19.

As the vaccine rollout progresses and the world gradually envisions a post-Covid future, it is crucial for businesses to pause and assess the changes they have undergone. Change itself holds immense potential as a tool for enhancing planning and resilience in the post-Covid reality. It is also highly likely that new and exciting advancements exist, offering opportunities to future-proof businesses.

Drawing from the experience gained during the Covid-19 pandemic, we have identified the best practices for improving businesses. The following four steps can guide businesses in their pursuit of growth and adaptation:

Understanding

The first step is to cultivate awareness



of the necessary changes. What aspects should be prioritized now that a certain level of control has been regained? How can these changes be effectively integrated into the business plan and align with the needs of the staff?

Believing

It is vital for businesses to recognize that change is an ongoing process. Although stability may be sought after, fostering business growth requires embracing change. Proactive thinking, rather than reactive responses, can make change a more positive and transformative force. Therefore, it is imperative to engage in comprehensive planning.

Doing

Once a well-defined plan has been developed, it is essential to put it into action. Taking that initial step is crucial. With the business transitioning out of survival mode, progress can be made one step at a time, and the momentum for change will gradually build. Without active implementation, even the most thoughtful planning becomes meaningless.

Accountability

Introducing an independent element to oversee and hold businesses

accountable is a proven method to ensure effective change and the implementation of new practices. Similar to committing to a friend or paying for a fitness instructor to go to the gym before work, having external accountability significantly increases the likelihood of following through on commitments.

These four actions are simple yet highly effective. By considering the areas within the business that require advancement and evaluating the stage of the process, businesses can utilize the suggestions provided above to assess their current position and determine the next steps toward achieving their goals.

Furthermore, as businesses expand their reach and engage with a global audience, adopting European spellings and terminology fosters inclusivity and relatability. Employing consistent European spellings in written materials enhances communication with clients, partners, and employees across various regions. Embracing these linguistic conventions ensures that businesses resonate with a diverse audience and maintain a global perspective.