

Top 10 Tips from Our Virtual CFO



Resource

No matter what size your business may be, you can benefit from financial advice and strategies deployed by big, successful corporations. That is the concept behind CountPlus One's Virtual CFO service. The service provides a CFO on a contract basis, so smaller operators that ordinarily could not afford a fulltime staff member with these skills can capitalise on top-shelf expertise.

Our Virtual CFO develops tailored strategies to each business' specific situation to help them become more profitable and reach their goals. The reason we tailor this service to each individual client is because there is no cookie-cutter solution to meet the unique challenges of each business.

Despite this, in the process of providing the Virtual CFO service for our clients, we have developed ten strategies that can be applied to any business, at any growth stage. These strategies represent actions business owners can start taking today in order to become more profitable and reach their next important milestone. Of course, it can never take the place of specific financial advice, but it is a great place to start your journey to financial success.

Tip 1: Understand your cashflow

Cashflow is the lifeblood of every business. Surprisingly for our team, many business owners we meet with operate without a clear picture of their cashflow. Profitability starts with understanding your cashflow; through forecasting and planning how you will handle the quieter times. It also means organising regular collections, so you are never left short of the vital funds you need to operate.

Tip 2: Develop a budget

When you have an understanding of your cashflow, you can develop a budget for the business. The budget should be based on management's goals and approved by the business owner. A great budget will help you make the most of your cashflow and responsibly grow the business.

Tip 3: Manage resources

Get to know your stock turnover and/or employee resources allocation. Analyse gross profit of items and services. Are you carrying way too much stock or too much of an unpopular item? Are you under or overcharging for a certain service? Once you know the facts and figures you can better control inventory and human resources.

Tip 4: Get your KPIs in order

Good KPIs help you and your team make sure you are on track to reach the business goals. A KPI – or Key Performance Indicator – is a benchmark you set regarding metrics relating to finances, clients, processes, inventory and employees. You

can record and measure activity such as sales totals, sales per service, average sale per customer, numbers of new, lapsed and retained customers, number of complaints, proposals won or lost, employee turnover and many, many more categories. Your KPIs should be specific to your business' products or services so this is where seeking professional advice can come in handy as an expert can advise you on KPIs you may not have considered.

Tip 5: Export regular reports

Many financial software programs allow you to export reports for analysis. Make sure your reports are timely, meaningful and provide the right information so you can make informed decisions.

Tip 6: Analyse your data

Set aside some time every month to analyse the reports. Get to know your numbers and make sure your KPI, budget, resources and cashflow information is thorough and correct. Look for any relationships and trends that may be forming. Strategise ways in which you can make trends work in the business' favour. Take appropriate action if KPIs are not being met.

Tip 7: Review your service providers

Are you paying too much for utilities, stock or other services? One major area where many businesses can start saving money right now is through negotiating better deals. Look at every outgoing expense the business incurs and research whether or not you can get a better deal elsewhere. It is common to be overpaying for things like bank account fees, phones, electricity and insurance simply due to complacency or misguided brand loyalty. Very few service providers reward loyalty with cheaper offers, so do not be afraid to shop around. It can even be worthwhile to get in touch with your current providers and request a better deal.

Tip 8: Focus on the long-term

It can be easy to get caught up in the short-term needs of the business, but it is only by focusing on the long-term that you will reach those big goals. Remember to plan for and take small steps each month toward reaching the big, long-term business goals. You may need to save a certain amount each month, for example, to be able to afford a large piece of equipment or an advertising campaign that will take your business to the next level.

Tip 9: Build repeatable processes

Employees actually thrive with a clear set of guidelines, policies and procedures in place. Do not be afraid to bring discipline to the business and streamline your day to day operations and procedures. Repeatable business processes also offer your clients a consistency in service levels that builds trust and reassures them that they are going to receive a predictable outcome every time they interact with you.

Tip 10: Check your compliance

Ensure all compliance is up to date and relevant to the stage of the business: ASIC, ATO, superannuation, insurances and other regulatory compliance is essential. Non-compliance can break a business, as you may have seen in the news media with many famous cases of wage theft, tax avoidance and the like ruining reputations and sending businesses broke. No business owner should risk the litigation, reputational damage and fines that can result from non-compliance and ignorance is never considered a valid defence.

Once you have followed these ten tips and you continue to follow them, you are sure to notice a positive difference in your business. When you are ready to benefit from tailored CFO advice that is specific to your business alone, get in touch with the friendly team at CountPlus One. We thrive on helping businesses become more profitable and reach their goals.

