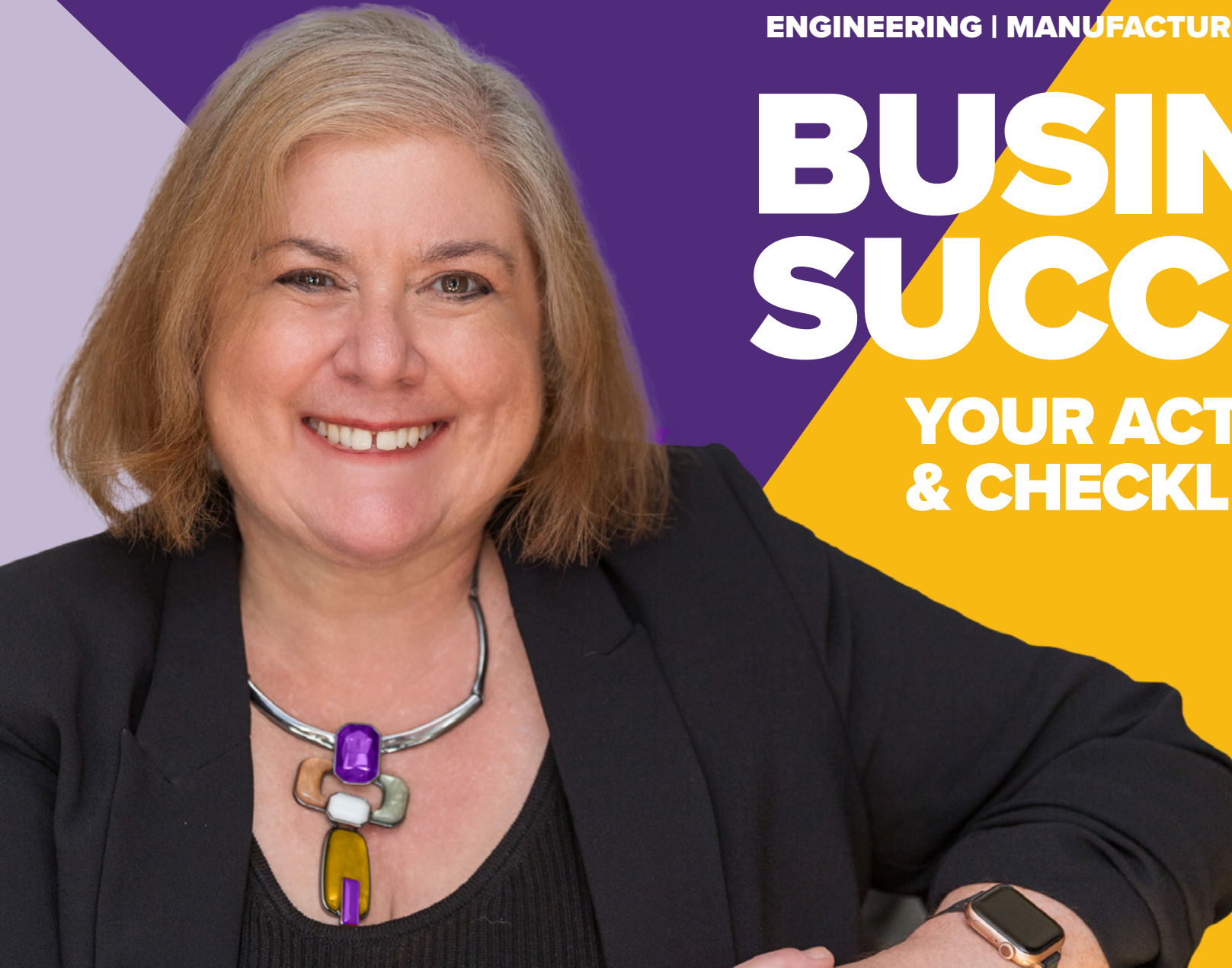


**INNOVATION | TECHNOLOGY
ENGINEERING | MANUFACTURING**

BUSINESS SUCCESS

**YOUR ACTION PLANS
& CHECKLISTS**



Julia Leask
FCMA, CGMA

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WHO SHOULD READ THIS REPORT



This report has been specifically written for owners and Directors of SMEs with a turnover between £250,000 and £15 million – businesses that have the potential to grow but lack the necessary financial expertise and guidance.

Are you concerned about your sales, profits and expenditure?

- Sales are good but with the rising cost of living, the profit is shrinking week on week.

Are you worried about your cashflow situation?

- On paper your business is making a profit, but there is never enough money in the bank.

Are you frustrated by the lack of clear data in your business?

- The numbers are confusing and it takes a long time to understand what they actually mean.

Do you lie awake at night worrying about the monster that is your business?

- It's all a bit chaotic and you suspect that having a clear goals and actions would help you plan more strategically.

If this sounds like you, read on...

WHAT YOU'LL LEARN

Why your business needs more than a generalist accountant

THREE compromises business leaders face

FIVE questions you need to ask yourself now to ensure your future

Why cashflow is key to business success plus TEN benefits of cashflow management

EIGHT checklists to streamline different areas of your business

FIVE ways the right finance function can help your business

Your FIVE point action plan



WHY YOUR BUSINESS NEEDS SOMETHING MORE THAN AN ACCOUNTANT



- You didn't go into business to do numbers. I'm sure you started out with a passion to provide the best product in your sector and to deliver the highest quality service.
- But, as a business owner, a lot of the frustrations and challenges you encounter have their roots in the financials: making enough profit, having enough cash to meet payroll at the end of the month, and knowing how best to support your own lifestyle needs through your business can be tricky.
- So now you find yourself immersed in numbers. After all, it is your business, so you're the one who needs to step up. And if numbers aren't your area of expertise, you may have looked to your accountant for help. If that's the case, you probably found their help to be somewhat limited.

THERE ARE TWO MAIN REASONS FOR THIS:

- First of all, accountants aren't usually focused on business improvement: they're experts in compliance and they tend to look back at what has already happened. This means they are great at making sure your accounts and tax returns are filed on time and that your payroll is in order, but they aren't the best people to guide your business towards future growth.
- Secondly, your accountant is unlikely to be a specialist in what you do, so they don't really understand your specific problems. The advice they can give you is limited: they'll tell you to increase sales, put up prices, cut costs, and chase your customers harder to get paid. Which is all well and good, but it's a generalist approach and it doesn't get to the heart of your particular issues.

Your challenges are rooted in your business financials.

But numbers aren't your thing and the help you get from your generalist accountant only goes so far.

It's clear that something more is needed.



WHY YOU SHOULD READ THIS REPORT



Here's the situation: your business challenges have their roots in the financials, but numbers aren't your area of expertise. And, while your accountant understands compliance issues and is good at looking back over the figures of the past, they aren't experts in growth strategies. What's more, they're a generalist and don't understand the specific issues that affect your sector – and, specifically, your business.

These were the primary drivers that led me to set up **Leask Accountancy Solutions**.

We are a network of associated professionals who together offer a complete range of financial services to tackle all the issues that are preventing your business from achieving the growth you want. But before I tell you more, let's look at some of those issues.

You need someone who will work alongside you, help you grow your businesses, improve your profits, strengthen your cashflow, and plan for your future.

THE THREE COMPROMISES BUSINESS LEADERS FACE

While a small number of businesses make substantial profits, grow to have hundreds of employees, and then sell for multi-million-pound figures, the reality is that most businesses never grow beyond fifty people and just scrape together enough to keep going. For these businesses, cashflow is always tight, and there's only ever just enough money to make payroll at the end of the month.

Not making enough money is the cause of almost every major problem that businesses face. That's because it inevitably leads to one or more of three types of harmful compromise:

1 Financial compromises

The business leader settles for earning less because they don't make enough profit. This means that their and their family's financial security and prospects are compromised.

2 Personal compromises

The business leader attempts to rectify things by working longer hours and doing more of the work personally, rather than paying others to do it. These compromises harm their work/life balance, and the time they're able to spend with their family; they may even compromise their health.

3 Service compromises

The business leader cuts corners on service and product range to keep within budget, compromising and harming the interests of their customers.

FIVE QUESTIONS TO ASK YOURSELF NOW TO ENSURE YOUR FUTURE



Frequently, when I ask business leaders about how they see the future and where they want to go, they can't answer. They may have a rough idea – maybe they want more time, or more money – but very few of them can quantify just how much more. And they don't seem to know what it would actually look like if they achieved this, nor what it would mean to them and their family.

But without having a clear vision of the future, it's difficult to make the right moves in the present. So, it's time to start asking yourself some serious questions:

- 1** How many hours a week do you want to work?
- 2** What do you want to actually do during those working hours?
- 3** How much money do you want to take home at the end of each month to have the financial freedom you want for yourself and your family?
- 4** How much longer do you want to go on working before you sell your business?
- 5** How much do you want to sell your business for, and what impact will that have on your retirement?

Having a clear idea of what you want to achieve will make planning your next steps much simpler. So hang on to those ideas. Remember, too, to visualise the future as a reality: what difference will nailing those numbers make to your future? And how will that make you feel?

TEN BENEFITS OF CASHFLOW MANAGEMENT

A business can be profitable, but still have financial problems because of the timing of monies coming in or going out of the business. Cashflow management is simply the process of understanding this timing and optimising it to the benefit of the business. There are a whole host of benefits that come from good cashflow management:

1

Assists with bank and other finance lending requirements

2

Identifies ways to avoid late payment penalties and interest from suppliers

3

Improves communication and relationships with your financiers and suppliers

4

Gives you an understanding of cash and liquidity for better decision making

5

Helps you understand the key drivers and the Cash Conversion Cycle in your business

Cashflow underpins the success of your business. And that means that, as a business owner, getting to grips with cashflow management is one of the most important things you can do to ensure your future success.

6

Enables you to predict and plan for large cash outflows

7

Teaches you how to monitor your actual cashflow against forecast in your records

8

Provides peace of mind that your cashflow needs are known and properly funded

9

Improves business processes that maximise cashflow, profit and business value

10

Drives your business to achieve your goals in a controlled and managed way



1. FIVE CHECKS FOR YOUR ACCOUNTS RECEIVABLE PROCESS

Poor procedures in processing sales can result in too long a time between an invoice being raised and the money arriving in the bank. And that puts a strain on cashflow

There are several ways to make sure that this doesn't happen:

- 1** Review your Terms of Trade. Agreeing upfront when you will get paid reduces risk and avoids the need to charge late-payment fees.
- 2** Set up an automated online billing system for interim and final invoicing.

- 3** Encourage customers to pay on time by offering discounts for prompt payment.

- 4** Make it easy for your clients to pay by offering alternative methods such as online invoicing, credit card, direct debit, etc.

- 5** Implement an add-on service, such as Debtor Daddy, Satago, ezyCollect, etc., to chase monies owing to you.

Having a clear, automated process for credit control will help keep things running smoothly. But if it does come down to chasing payment, don't forget to ensure that your team members understand their role, are empathetic and stick to the same script.

2. FIVE CHECKS FOR YOUR ACCOUNTS PAYABLE PROCESS

Review all supplier agreements – payment terms, prompt payment discounts, delivery charges, etc. Just because you are a loyal customer does not necessarily mean that you are getting the best deal.

1 Review all supplier agreements – payment terms, prompt payment discounts, delivery charges, etc. Just because you are a loyal customer does not necessarily mean that you are getting the best deal.

2 Check that your business is not incurring late payment penalties.

3 Ensure prompt payment discounts are asked for and taken up.

4 Review the payments process and carry out your bank payments often enough to tie in with invoice due dates, setting up future-dated transactions to make sure you don't miss upcoming payments.

5 Put budgets in place so you can keep an eye on unnecessary spending.

By reviewing the terms of each of your suppliers and watching your payments process, you can make sure that the money stays in your bank as long as possible without incurring penalties.

3. FIVE CHECKS FOR YOUR DEBT AND CAPITAL STRUCTURE

With the current cost of borrowing money, it's essential to know exactly what debt your business has and how you are using it: a regular review of your current debt is essential and may result in significant cashflow improvements.

1 Not all debt is equal: if you have a business overdraft facility, are you using it wisely? What about credit cards?

2 If you have a current loan facility, it's important to review the term of the loan: is this still right for the business needs?

3 Review interest rates to make sure that you have the best deal for what your business needs. Remember to look at fixed vs. variable interest rates.

4 If you have a number of loans or other debt facilities, would you benefit from consolidating them and paying off over a longer term?

5 As the owner or director, are you taking too much out of the business? It's important not to use the business bank account as if it were your own. There may be alternative ways to extract cash from the business that will be better for the business and for your own personal tax situation.

You should also look at new investment, either by owners or from new external sources. Can you or your partners invest more money into the business? If the business needs an injection of capital to fund its growth, you'll need to be ready to work with external stakeholders.

4. FIVE CHECKS FOR YOUR INVENTORY PROCESS

If your business produces physical goods, you may have both raw materials and finished product held in the warehouse. Holding such stock for too long means full shelves but an empty bank account, so it's important to review the situation to be sure things are balanced and your spare cash isn't all tied up in the warehouse.

1 Review your stock ordering systems: are you ordering just in time? Only order the materials you need to produce what you can sell.

2 Use technology to better manage stock reordering and slow-moving items. It may help to get the latest app to manage your stock, measure your waste and forecast your needs.

3 Just-in-time stock policies ensure that you only order lines that customers want.

4 Only stock items that you can easily sell. Remember that wastage can cause extra cost if not controlled.

5 Make sure stock control processes are supported with simple documentation and communicate this to your team so that everyone is clear as to what is expected.

Here we've talked about physical production, and if you are a service provider you may feel this isn't relevant to you. Take a step back and consider how similar problems arise if you have a build-up of work-in-progress that is yet to be billed.

5. FIVE CHECKS FOR YOUR OVERHEADS PROCESS

Have you looked at your overheads recently? There are often savings to be made on these, so an annual review is essential.

1 Start by making a list of your regular overheads: IT, server costs, phones, website and internet, insurances, power, fleet costs, recruitment fees... Remember, though, that these costs may change from year to year, especially if you took on a service at a beneficial entry tariff.

2 Compare different suppliers to ensure you are getting the best deal. Check whether you will save money by paying annual or monthly service charges: is it better to pay less up front or keep monies in your bank account longer?

3 Exercise tight control over staff expense claims and use of credit cards. Get expense budgets in place and manage them closely, making it clear that overspending needs to be explained.

4 Review your team structure: could you outsource, implement offshore roles, or use fewer contractors? Alternatively, could you bring some functions in-house rather than pay contractor rates for regularly needed services?

5 Check return on investment on your marketing spend. Are you spending too much money without seeing real results? Has the attitude of the buyer changed?

A clear view of where money is being spent, automation of processes, and going paperless, are all potential ways to save money.

6. FIVE WAYS TO IMPROVE YOUR GROSS PROFIT MARGIN

Low gross profit margins are an indication that your costs are too high. There are a number of strategies that you can put into place to improve margins.

- 1** Improve systems and efficiency by making sure all tasks have manuals and documented processes.
- 2** Reduce wastage: by controlling production you can reduce the amount of product loss.
- 3** Capture and bill time better: stop doing work for nothing; don't give free consultancy; samples are great, but they should be limited.

4 Talk to your suppliers: can you get discounts for prompt payment? Remember to check whether this is really beneficial to you: don't empty your own bank account just to get a discount.

5 Expand into a new marketplace: find clients in a different geographical region or a new sector, or offer a new product or service that uses your existing skills and know-how.

The recent pandemic and economic crisis took us all by surprise, but some businesses coped better than others; we all learnt lessons about resilience and the word “pivot” was on everyone's lips. Many of the strategies that will improve profit margins will also make your business more robust and more capable of surviving unexpected changes.

7. FIVE WAYS TO IMPROVE SALES

If your sales levels are just too low to support overheads and other cash demands on the business, you need to look closely at unit price and associated costs. What you see will show how viable your business is right now.

If the business is in high-growth mode, and sales are increasing rapidly, then the business needs finance to support that growth, and you'll need to look at a financing plan. If the business isn't in growth mode, you need to focus on how to grow sales.

1 Look at your customer journey and check that there are no weak points. Often customers come to you for what you do, but they stay because of how you do it.

2 Improve the targeting of your marketing in order to reach new customers.

3 Improve how you promote your whole product line or your complete range of services so that you increase sales per customer.

4 Introduce more high-end products so customers are spending more with you.

5 Start collaborating with competitors to increase the range of your offering or improve the products or services you offer.

It's far cheaper to retain an existing customer than to onboard a new one, so talk to your current customers: make sure you understand what they need and then work out how you can support them and meet those needs.

8. FIVE ACTIONS TO IMPROVE CASHFLOW

Cashflow is a vital aspect of any business, but even talking about it can be scary for some business owners. But ignoring the issue of cashflow won't make the challenges go away. In fact understanding your cashflow will give you a greater insight into your business, making it more robust and resilient as you can better predict shortfalls or seasonal fluctuations.

1 Prepare a Cashflow Forecast. But don't think of this as a one-and-done exercise: make it part of your annual business planning. The Forecast will allow you to predict when there is likely to be more cash going out of your business than coming in, so you won't be flying blind anymore.

2 You can share your Cashflow Forecast with the bank to help build better communications and a stronger relationship.

3 Cloud solutions such as Xero and Syft make forecasting simple, but whatever your accounting or reporting software, your forecast needs to be incorporated into or built in that software so that you

can report actual results against forecast, every month. This enables you to recognise where you are in relation to your target.

4 Having a Cashflow Forecast in place is one thing; using that knowledge to change how your cash flows is another. To do that, you need to understand your Cash Conversion Cycle and improve the business processes that can shorten it. You'll also need to set some achievable goals that you are accountable for, so an accountability partner will prove useful here.

5 Many people are uncomfortable talking about money. But having someone to encourage, support and even nag you as you work on your business is the fastest and easiest way to get ahead. It's important that this person is someone you trust, who themselves understands the issues, and who can be objective. (This is not usually your spouse!)

Your aim as a business owner should be to spend more time understanding your numbers and less time pulling them together.

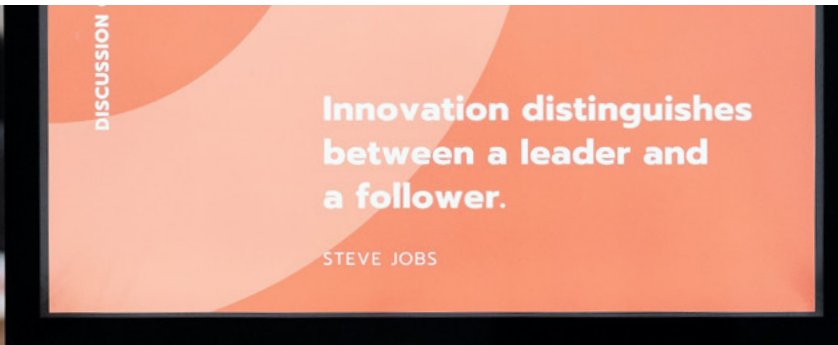
Remember: the more you understand what's going on with your business, the more chance you have of being in control. And that's going to reduce stress and provide you with peace of mind.

FIVE WAYS THE RIGHT FINANCE FUNCTION WILL HELP YOUR BUSINESS

Business finances comprise a whole host of different tasks and the finance function often ends up as a bit of a mish-mash. Some aspects such as bookkeeping are seen as simple admin tasks to be handled in-house, perhaps via an accountancy software package, while compliance, payroll and annual accounts, for example, may be considered too complex, so outside experts are brought onboard.

In fact, even bookkeeping should be recognised as a key element of your business finances. It isn't just a data-entry task; it's the foundation to everything. And without a solid foundation, everything else is liable to fail. Knowing how to input accurate information into the accountancy software isn't enough: it's important to know how to get meaningful information back out of the system.

So it may be worthwhile taking a look at your finance function: who is doing what? And where and how are they connected and communicating?



HAVING THE RIGHT FINANCE FUNCTION MEANS WORKING WITH A TEAM OF PEOPLE WHO:

Have the same core values as you and understand your goals and those of your business. By working together on your plan, you will achieve those goals

Will implement measurement systems that enable you to have a finger on the pulse of the key measures in the business that will see it succeed

Will provide management reporting in plain English or as graphics, not accounting jargon, so you receive not just numbers that you understand, but supporting explanations as to what those numbers actually mean

Are able to compare your business performance against others in your sector and tell you whether your pricing and your margins are as they should be

Will act as your sounding board. They'll know exactly what you're going through, they'll be able to provide you with the information you need quickly, they'll understand your pains, and they'll help you overcome those challenges

Perhaps the main point is to stop thinking of your business finances as a series of separate, disconnected tasks. **Make sure you have a team you can count on**, who understand where they belong in the bigger picture and who are working together to make your business successful. This is a sound investment in your future success: the ROI will be seen by increases in efficiencies and a more stable predictable net profit.

YOUR FIVE POINT ACTION PLAN



By now, you should have a better idea of which areas you need to look at in your business to ensure success as you move forward. Now you need an action plan, and you need to get to work. Carve out the time now, because a relatively small investment today will pay you back handsomely. Some results will come quickly and the separate improvements will have a cumulative effect over time.

Here are five key actions to get you started:

- 1** Work out what you really want. Go back and review the questions we asked earlier about how you see the future for you and your business:
 - How many hours a week do you want to work?
 - What do you want to actually do during those working hours?
 - How much money do you want to take home at the end of each month to have the financial freedom you want for yourself and your family?
 - How much longer do you want to go on working before you sell your business?
 - How much do you want to sell your business for, and what impact will that have on your retirement?

Now use this information to work out what your goals are.

2 Calculate your overall budget and expenditure for the next week, month and year.

3 Review your processes for accounts receivable, accounts payable, debt & capital structure, inventory, overheads, gross profit margins, sales and cashflow and identify where improvements can be made.

4 Identify whether you have the internal resources to do this or whether you need expert help and advice in any of the areas.

5 Just crack on and do it! Or outsource what you are not comfortable doing.

If you wait until you feel you have enough time to devote to this kind of overhaul, you'll still be in the same place this time next year. You may even be in a far worse place. What are you waiting for?



TAKE A SHORTCUT: GIVE US A CALL!

Leask Accountancy Solutions offer a full range of services that tackle the issues we've just been looking at. And we invite you to pick and mix from these to create a package that's tailored to what you need right now:

- 1** We can help you define your financial goals and create a realistic plan with actions that you will be held accountable for.
- 2** We'll set up robust financial systems to make sure you've got the basics covered and that your core financial information records are spot on, all the time.
- 3** We'll help you create your financial scorecard. Using this document each month, you can manage your business's financial position and identify problems before they happen.
- 4** If needed, we can supply the day-to-day outsourced finance support your business needs. Stop doing the VAT on a weekend or worrying because your customers haven't been invoiced: we'll take care of it all for you. And if payments need chasing, we can do that too.

- 5** We can produce your monthly financial information in a format that is right for you – numbers, words, or graphs. You'll always have your finger on the pulse of exactly where your business is and where it's heading.
- 6** We'll contact you regularly on Zoom or in person and review progress with you. You now have your very own Virtual Finance Director and extended finance function on speed dial.
- 7** We'll take care of all those compliance jobs for you – preparing & filing your accounts, doing payroll, and submitting tax returns. All done, on time, every time – no sweat.

A bespoke solution designed to meet your needs. It's a no-brainer!

■ Take a shortcut: give us a call!

8 We'll refer you to our tax specialist if you need personal or business advice.

9 We can look after your pension to ensure that you'll have the funds to support your Exit Strategy and the retirement you have dreamed of.

10 With some staff working from home while others are back in the workplace, things can get complicated. We have the resource to complete Risk Assessments as well as checking GDPR compliance and Cyber Security.

11 We have an analyst on hand who can review your bills to make sure you're getting the best rate for your overhead purchases. You only pay a percentage of the savings found: if there are no savings, you pay nothing.

12 If you have developed a new product or service, any research and development costs can be used to

reduce your future tax bill. Again you only have to pay a percentage of what our R&D tax consultant calculates.

13 The recent pandemic and economic crisis took a lot of businesses by surprise. And that's not the only tricky economic issue we're facing. So in all probability, you'll be wanting to review and renew your Business Plan. We can help you draw up a Business Recovery Plan that will give you a step-by-step path to navigate the current business world. And the forecasts we'll produce for your Plan can also be used to support applications for finance.

14 If you are thinking of expansion or improvements, you'll need to access funding. Our commercial finance expert can help to identify which current products are most suitable for you and your needs.



THE PICK & MIX TEAM

We work together with a number of hand-picked experts to provide a full range of financial services and help our clients achieve success in their personal and business goals.



Julia Leask *Founder*

My job is to make sense of your cashflow and help you plan your business strategy. As your personal part-time

Financial Director, I oversee all your finance requirements and will pick the services and support services that are right for you and your business.



Adrian

As a company Director, you have certain legal responsibilities including submitting paperwork to HMRC and Companies House in time to meet specific deadlines. Adrian will ensure that your Financial Accounts are submitted in the right format and at the right time.



Sam

Maintaining basic records that are accurate and up-to-date is key to good business; this is where Sam comes in, as she provides full bookkeeping services. Sam also offers a responsive payroll service to ensure your staff are paid on time.

Nimesh



It's good to know that you can reach out at any time by email or by phone to find whatever financial accounting support you need. Nimesh's team are there to provide a helping hand around the clock.



David

We all have to pay taxes, but tax can be a complex issue and the rules are liable to change. David will make sure that your business(es) are set up in the best way to ensure compliance while minimising your tax liability. He can also give you specific tax advice and help you with business tax planning.



Chris

There are a number of possible reasons for restructuring your company shares: perhaps you want to issue new shares to raise money, or maybe you'd like to reward your staff by giving them a stake in the business. Whatever your reasons, Chris will help find the right share option scheme for you and your stakeholders.



Helen

GDPR didn't suddenly disappear when it passed into law in 2018: it's still vital for your business to be compliant. In addition, your data and your money are under threat from increasingly sophisticated cyber criminals. Helen and her team will identify the best cyber security options to protect you, your business and your stakeholders.



Paul

The research and development that you do to improve your products and services could be used to help to reduce your corporation tax through R&D Tax Credits. Labour, materials and service costs may all qualify, so why not work with Paul to see how much of a tax reduction or a cash refund you could get from HMRC?



Gavin

Everyone's personal circumstances are different, so planning for retirement and looking after your nearest and dearest is very much an individual matter, too. Our IFA Gavin provides expert advice on personal tax planning and will help you choose the correct pension and investment options to suit your situation.



Debbie

Some costs just have to be paid to make sure that your business carries on running, and checking up on regular payments can become a full time job in itself. Debbie can help you reduce overheads by comparing what you are paying with what is available in the market and making sure you have the best deal.



Chris

Having the right premises in the right location can have a huge impact on other aspects of your business such as staff recruitment and future growth. If you need to buy new commercial property or remortgage your existing property, Chris's expertise will prove invaluable in finding the right commercial funding.

**Book an initial
introduction call and
let's see what we can do
to help your business.**

www.leaskas.co.uk

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