
Essential Survival Tips for SMEs (Small to Medium Enterprises)

QUICK GUIDE

This quick guide is designed to assist you in knowing some of the business processes you need to think about when in business.

TIPS FOR OPERATING AN EFFECTIVE BUSINESS

Whether you are setting up in business, just taken over a new business or are currently in business, below are the basics you should do and have in place when running a business.

1. **Business plan** – First and foremost, have a business plan assessing your strengths, weaknesses, opportunities and threats. This will enable you to set your business goals, objectives and performance requirements so that everyone understands what needs to be achieved. A business plan is a working document, and should be used as an on-going tool to assess whether your objectives and goals have been, or are on target to being achieved.
2. **Budgeting** – A budget is really just a list of all the money coming in and everything you spend. In short, a budget is a spending plan for your future. Knowing exactly where you are spending your money will enable you to make small, painless changes that can lead to greater comfort in your financial life.

Tip: consider a third of the income coming in set aside for tax, a third left in the business for expenses etc. and **then** pay yourself the last third.

3. **Cashflow forecasting** – Cashflow is the lifeblood of your business, therefore you need to know what money is coming in and what will be going out on a month-by-month basis to manage the gap in between outgoing and incoming. This is particularly important for managing a business that has seasonal income.

Anything left over is what you can use to develop your business, which is what you should be aiming to achieve. Keep your estimates realistic, to help manage the cashflow more effectively. Don't forget to include things like tax payments, so you don't end up with a shock come tax return time.

4. **Business insurance** – Do you insure your house and contents? So, why wouldn't you insure your building/premises and contents? Insuring your assets such as plant and equipment with material damage/asset insurance as a minimum means that when you *are* faced with an event out of your control, such as an earthquake, you can at least recover some costs to set up again.
5. **Backing up information** – By storing backed up digital information off site, in the event of a disaster you still have access to vital digital information like your past accounting records, client lists, business documents and files etc, which will enable you to continue operating.



6. **Marketing** – Ensure your business stationary is up to date. If you have changed a phone number or address, then give your old stationary away to a pre-school or play centre and order new stationery with up to date details. Maintain brand consistency when marketing to customers so your website, business stationary and signwriting are looking and conveying the same message.
7. **Network** – This is vital for meeting new customers and contacts, and gathering of information and advice. Networking is one of the easiest ways to generate new business.
8. **Use social media** – Finding the right way to use social media can be daunting, but invaluable for your profile. Take the time to acknowledge customers that mention you. Did someone tweet about dining at your restaurant? Did they check in at your venue? Did they share a story about your small business on Facebook? Feedback and comments placed in the public domain are all opportunities to connect with a current or potential customer and make them feel special.
9. **Outsource** – SME's should focus on revenue generating activities. Therefore consider outsourcing the rest - for example property, administration and support services. These will allow you to focus on the activities you are good at and generating income.
10. **Review** – Take the time to review your business annually. Revisit your business plan and original goals to see if you are on track to achieving the goals you set a year ago. Go over your budgets each year to determine how much profit you can invest back into the business and that you are able to meet financial obligations such as tax, insurance and operational costs.

