



Business Spring Clean for this financial year

Description

Start Cleaning NOW for Sparkling Financial Results

OK so it isn't Spring anymore...

But June is a great month to prep your business for the financial year ahead:

- If you are in the Southern Hemisphere, get ready for the new financial year
- If you are in the North, then doing a little housekeeping will help keep you on track

“What is a Business Spring Clean?” I hear you ask.

Well, it is setting some time aside from normal business activities to review, and update, parts of your business that often don't get refreshed.

Too many business owners avoid clean-ups; those that are better than average do a budget once a year, then stick it in the bottom draw never to see the light of day again... (for more info on budgeting see [8 Budget Traps and Tips to Avoid them](#))

Spring Cleaning your Business is just like spring cleaning your house, you start by having a look at what is there, you work out if things need a dust, a wash, some repairs, and what really needs to be thrown out or recycled! Once you have assessed everything you then work through from top to bottom getting each area in order until your whole house is clean and tidy.

4 Business Spring Cleaning Tips to get you Started

1. Review your Clients

- When was the last time you check which clients were least profitable, and got rid of the poor performers, the ones that expect everything for free and quibble about every charge?
- Are some clients consistent late-payers, always taking advantage of your cash-flow to benefit theirs instead?
- Do you have a clients or two whom you just hate to deal with, they are rude, or unreasonable?

Probably between 5% – 20% of your clients hurt your business more than helping it be profitable, so fire them!

OK so perhaps you don't want to be that harsh, but be aware of who these “baddies” are, and either tailor your interactions or their prices accordingly.

e.g. ” Jo, you always pay us three months late, we are a small business and this is hurting our cashflow, so from now on we will be charging you an extra 8% upfront that will cover our finance costs, and we are also happy to discount this should

you pay on time.” I recommend you be fair about this and set the interest rate at the standard mortgage rate for your region. Remember, you are in Business to make profits – not every customer is going to be the right fit for you. Those that are a poor fit will be better if they go elsewhere, so gently encourage them to do so. On the flip side know who your top clients are, those that make you the most profit, those that send the most referrals, those that make you feel good. Again, tailor your interactions and their prices accordingly. e.g. “Jan, you always pay us on time, and we appreciate the referral you gave us last week, so from now on we will be giving you a 5% discount whenever you pay on time to show our appreciation .”

2. Spring Clean your Products and Services

- Are all of your products and services selling well?
- Have you set the right price for each product and service?
- Is the quality you deliver meeting client and customer expectations?

Review your business and ensure you offer the mix and price point your customers are wanting AND that maximises your business profits. The trick is to balance both the price-point, quantity and the quality. Price-point is something specific to each business depending on the quality and also customer perception and both of these will drive the quantity sold. To assess the quality of your services and products you can download the quality testing checklist on the left which assess quality based on choice, availability, compliance, safety, maintainability and simplicity.

3. Review your Cash-flow

- Are your Terms and Conditions up to Date?
- Do you regularly inform clients of how and when you expect to get Paid?
- Do you have a supplier or two whom you could negotiate a better price or payment terms?

Cashflow is the lifeblood of any business – but often when things are tight, we tend to moan and whinge rather than be proactive (often because we don't know what to do to fix it).

4. Review your Staff Structure

Payroll is one of the largest expenses for any business so of course that should be part of the spring clean too! Luckily, anyone can reduce their payroll costs without reducing staff – it is actually quite simple just take a look at your people's:

- Fit
- Cost
- Spend

Say What? Aren't Cost and Spend the Same? Nope, not in this context!

Fit is about the right activities and skills needed in the various parts of your business to make it run efficiently and effectively (and profitably)

Cost is about what you should be paying to get the right fit; Salaries, wages, bonuses, year-end dos and related taxes etc that are your payroll and on-costs. The stuff that still costs you money whether your staff are on holidays or not.

Spend is about the gap – how much you are paying now, and what you need to do to close the gap between what you are doing and what fit and costs you should have

So, all in all, a business spring clean is a way of reviewing and removing dusty old things (be they clients, products, or systems) and making way for new and improved versions that will help your business profitability.

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