

## The importance of building power in your business | by Matt Murphy



SME Advisory

**Once a business is established, generating sales and the results aspired to, many small businesses run the risk of playing it safe.**

Playing it safe is an easy rut to fall into. It's easier to continue doing what's familiar especially when you know what results this approach will provide and you're focused on maintaining performance.

Maintaining performance or trying to better it year on year is a strategy that can only be sustained for so long, as it generally requires more effort each year to convince customers that your product is still relevant and superior, while competitors bring new offerings to the market or replicate your own.

Eventually you begin to lose ground, and because you've put all your effort into maintaining current performance, you've had no capacity left to develop and pursue new opportunities that might drive the future growth of your business. Sticking to what you know works for the immediate future of the business, but might not ensure the long term success of the business.

To continue having a successful business, you need to take a longer term view, reinvest and build the power of your business. The great thing is start-up business owners already know how to build this power, because it involves focusing on the five areas that they needed

to direct their energies towards when setting up the business. Just like building strong muscles, building a powerful business means you need to use them frequently and flex your muscle in these five areas:

### **1. Growth Power – Activities that sustain growth**

**There are only three ways to grow a business:**

- Sell more of your current products or services to your existing customers.
- Increase the prices for your current products and services.
- Sell new products or services to your existing customers.
- Sell to new customers.

What's your strategy for growing your business? Is it to expand your customer base by delivering many products and services that enable you to capture a broader market and be a one-stop-shop to your customers? Or do you want to be very focused and become well known in a niche for being the very best at one thing, where your customers drive a lot of business to you through word of mouth, enabling you to capture most of that niche market?

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Your strategy needs this outward client centric focus, but it also needs an internal element as well, that incorporates processes and resources to ensure you can operate efficiently and continue to deliver as your business grows.

### **2. Offer Power – Having a strong offer and differentiator**

This doesn't mean sticking with the same offer you launched your start-up business with. To continue to grow it's important that you provide something new or the next generation of improved products and services that the market wants.

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Your offer needs to evolve over time to stay relevant to the market and fresh to your existing customers. In fact you can combine the two, by testing a revised offer with some of your existing customers.

Take an element of your product or service and refresh the offer associated with it to make it sound new and therefore exciting to your current customers. Gather feedback from them and test variations on the offer to refine it and see which generates the most enquiries or sales and then launch the winning combination.

This beats the approach that many businesses take of developing a new offering and trying to make it absolutely perfect before they test it or bring it to the market. Time and effort is wasted here and the outcome could be that the market isn't interested in buying anyway.

### **3. Cash Power – Making your cash work for you**

This means making your dollar work for you by investing it where you'll get the best return, monitoring it's movement through your business and supplementing it with additional funds to support the growth of your business.

You need to track the actual movement of cash around your business by getting to know your cash to cash cycle and making improvements to it to make your cash work more efficiently for you and to free up lazy cash that's available in your business for use.

Cash power is vitally important, as without it, your business will grind to a halt and any growth initiatives will lack investment dollars.

If you're already maximising your dollar, you should investigate external funding sources that can support your growth activities, such as lending, grants, tax concessions and investors than can provide the additional dollars you need.

### **4. Information Power – Knowledge you can put to good use**

Business owners need access to information that helps them manage the current business and make decisions for the future. this knowledge comes from having the right internal systems and processes that gather information about the business such as new business leads and conversions, sales, profitability of customers and products, delivery timeframes, average transaction values, returns and complaints, costs to the business and many other KPIs that might be important to your business.

Having this information to hand means business owners can be kept up to date, monitor the activities and performance of the business, spot issues and opportunities and make decisions based on fact.

### **5. Execution Power – The ability to get it done**

The best laid plans come to naught, if you don't have the information, resources, mindset and processes to see it through to fruition. For small businesses this generally means the business owner needs to have capability and capacity to execute their ideas and the leadership skills to ensure their team supports and helps drive growth initiatives.

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This generally means you need to be in touch with your customers, staff and any experts you rely on for their specialist knowledge and skills to supplement the gaps in your own knowledge and experience.

It also means you need to be able to rise above the day to day issues and have systems and processes that allow your team to take care of those activities, freeing you up in the process to be able to work on the business and drive these initiatives.

Constantly focusing on these five areas will build and maintain the power of your business and ensure you grow, remain relevant and avoid becoming a weakling business that "eats sand" when you stand off against your competitors.

**If you'd like to power up your business, call us today about our One Page Strategic Plan, growth and accountability services or email us at [enquiries@primefinancial.com.au](mailto:enquiries@primefinancial.com.au)**

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