

BEER MAT MENTORING MEETING NOTES

(17) Reporting

The joy of computers is that they can spit out reams of information on our business: profit and loss; balance sheet; endless reports and graphs, customer analysis, Google analytics. This may give us the illusion that everything is under control. It looks impressive and may be interesting. But what do we really need to know to be sure our business is going in the right direction and not about to sink under the waves?

For a small rural business, I like the idea of an "A4 on the 5th", meaning one A4 page on critical monthly data by the 5th of the month following. A small amount of the right information provided promptly.

What you include in your template depends on your business, but these are the three important categories.

(1) Sales and marketing measures

What are your key leading indicators, those that tell you how things are panning out so you can take action?

It may be enough to put a value on enquiries received and orders taken. Or, if the sales process is long, report on the sales pipeline: how many prospects are there at different stages of the sales process, and what is the estimated order size and probability?

Can you measure the return or performance of each aspect of your sales, for example, sales value per ad / salesperson / outlet?

If you are, say, renting holiday homes or organising an annual event, are the numbers of enquiries or bookings more or less than at the same stage last year? Use this to forecast outcome and take action if required.

Are you especially dependent on a few large clients? If so, how can you track your performance on these accounts?

(2) Financial measures

I prefer to use a cash flow table for the year with monthly actuals for the past and forecast for the future, and which also incorporate sales information.

Unless you receive payment before delivery, some form of aged debtor analysis is important so that you immediately spot clients who are getting behind with their payments.

There may be other critical measures, for example turnover for the previous year if you are not VAT registered but trade close to the VAT limit.

(3) Key Performance Indicators (KPIs)

What sets you apart from your competitors? If it's say, 24 hour delivery, how are you monitoring this?

What goes wrong and has a significant impact on your success?

What aspects of quality are critical? If your scrap, discard or no-show rate varies and has an important impact, measure it to focus on improvements.

Other things to know

There are other things that are valuable to know but you may not have the volume to record them monthly and draw meaningful conclusions. For example:

- What percentage of new website visitors (or enquiries or sales calls) turn into new paying customers and how is this changing?
- What is your customer retention rate?
- What is the cost of customer acquisition, what is the average lifetime value of your customers, and how do they compare?
- How profitable are each of your products or services (and would you make more money by ditching the least profitable line)?
- How are customer satisfaction levels changing?
- What else is important for your business?

NOTES