

# Business Advisory News for Accountants

## Business Management Services Can Help An SME Grow

Many business operators run out of time to effectively manage their business. There are all types of problems that confront business operators from:

- hiring of staff;
- talking to customers;
- preparing quotations;
- supervising the work being produced;
- liaising with industry representatives;
- meeting with accountants and lawyers; and
- meeting with marketing managers and various other advisors.

Many small business operators, I know, turn to their accountants and say, *"Who can assist me to get through these problems?"*

A couple of months ago, a new organisation was formed in Sydney, which is planning to operate a service throughout Australia of supplying a 'virtual general manager'.

The group, known as 'Your General Manager (YourGM) Pty Ltd', has assembled an outstanding team of experienced business operators who are available for secondment to a small business operator to give him/her assistance for a period of time from a few days through to a year, or longer, if required.

### **What are the types of services that can be provided by an external business management advisor?**

These services can be summarised as follows:

#### ***Business Operations***

- Developing a plan for the business – this would have to be a workable plan that is going to assist in a strategic review of all aspects of the business.
- A lean/waste management analysis to identify where improvements can be made in the day-to-day business operations, irrespective of the type of business.
- The appointment of an external business person can add considerable 'clout' to an individual business when the business is meeting with third parties, in particular, significantly larger third parties, by having a very experienced business person sitting at the table representing the SME.

### **Why would small business operators want to hire an external consultant to assist?**

The range can include the business person getting on with other aspects of what they want to do in their business. This might be:

- a major research and development project; or
- the development of a new business; or
- the opening of a new branch; or
- another very important activity – having a holiday (having a break away from the business).

Who is going to run the business whilst the owner or manager is undertaking any of these activities? An external business management service can assist with this.



**What are some of the services, besides business operations, to which a business management service could attend?**

***Customers***

Establish and manage a Customer Relations Management (CRM) system. Every business should have one. Set it up properly to ensure that customer information is recorded, every phone call is documented, copies of all emails are filed within the CRM, so that anyone going to the CRM is able to pick up where the business is in negotiations with customers.

***General customer management***

What has been bought, at what price? What specials were offered? What other inducements were offered? What agreements were reached with that customer?

***Staff***

Very, very important aspect of every organisation. The recruitment of staff and the introduction of new staff, which would lead to the development of a total human resources system that complies with Fair Work Australia's requirements.

***Staff Training***

Implementing appropriate packages and training programs to ensure the team is able to produce outstanding performances all day, every day.

***Salary Packaging***

It is very important that the team members are appropriately recognised for their contributions to the business and a salary packaging review can help accomplish this.

***Business Financing***

Business financing can cover a number of areas including:

- Loans
- Bank overdrafts
- Leasing
- Hire purchase
- Debtors' factoring
- Export financing

The external general manager might be able to facilitate negotiations with banks and other types of financiers that the small business operator might be nervous about approaching.

***Succession Planning***

Succession planning is very important in every business, no matter what age the business is. Not just succession planning on the general manager level but succession planning at all levels throughout the business.

***Exit Planning***

Exit planning is also very important. Business operators have all different milestones in mind as to when they might wish to exit the business. An external general manager can assist the owners and managers of a business determine an appropriate exit plan and then implement it. An excellent exit plan will ensure the exit strategy is going to be able to be achieved at the preferred timing.

***Risk Management***

This can cover a range of issues including occupational health and safety. There are very important legal obligations for directors and managers to ensure all of the team members are working in a safe workplace. It also applies to visitors of the workplace, to ensure that they are going to be in a safe environment.

### ***Personal Property Securities Act***

Personal Property Securities Act (PPSA) and the associated Personal Property Securities Register (PPSR) is a potential disaster area for many businesses who are ignorant of the requirements of the PPSA. Sure, it is badly named in calling it 'personal property', also the fact that it is voluntary has mislead a number of small business operators who believed, because it is voluntary, there mustn't be too much to worry about. Nothing could be further from the truth. This legislation has the ability to financially ruin a business through complete ignorance of its requirements.

There has been substantial court cases already in Australia, that virtually every case has been decided in favour of a liquidator or receiver acting for a secured creditor, not the business that originally paid for the asset.

An external business manager can assist in organising the businesses' affairs to ensure they obtain the best of both worlds – voluntary registration, but knowing when it is appropriate to register on the PPSR.

### ***Insurance Review***

Insurance reviews are very important. Many businesses forget about them. An external general manager can assist, because the management team the external provider brings have got extensive experience in insurance reviews for SMEs.

### ***Competitor Monitoring***

In today's business world, it is very important that every business operator has a working knowledge of what his/her competitors are doing. However, this is time consuming and it also requires a fair knowledge of what is going on in the marketplace. Many small business operators haven't got the time to do that. An external general manager can assist in monitoring competitors.

### ***Communications***

In today's business world, it is very dangerous to be operating without an appropriate website. An external general manager can assist on the implementation of a website that suits that particular business and then implements policies for the ongoing maintenance of the website. There's nothing worse than looking at a website that has got material on it that refers to events that were held three years ago.

### ***Social Media***

A few years ago, people probably laughed at social media. However, social media is an integral part of business management today. Its benefits are going to vary for any type of business. An external general manager can assist in analysing the opportunities that are available within social media, to promote individual businesses.

### ***Networking and Promotion***

There's a whole range of other organisations that can assist an SME, some are run by government, some are run by industry, some are organisations such as Chamber of Commerce, some might be just a meeting of businesses in a particular shopping centre or industrial area. An experienced external general manager can assist in identifying these networking promotional opportunities.

### ***Market***

What is going on in the market? What are the new market opportunities for this type of business and does that lead to some acquisitions of new businesses being planned? It is disastrous to acquire a new business without an appropriate plan being implemented.

### ***Marketing Activities***

Businesses need marketing plans and they then need someone within the organisation who has flair and skill to develop the marketing strategies and promotional events that are going to be held. This might be:

- regular newsletters; or
- podcasts; or
- blog articles on the website; or
- functions; or

- exhibits at industry trade shows.

It can be any type of strategy.

An external general manager can assist the owners and management of a business to implement these types of marketing strategies.

### ***Cost Control***

Cost control includes looking at the business' cost base. Can savings be implemented in some of the key expenses? Can more cooperation be obtained from suppliers, either in cost reduction or in promotional assistance?

### ***Motor Vehicle Management***

Most small businesses have one or two motor vehicles, some have fleets of 20 and 30 vehicles. What benefits can be obtained by utilising a skilled general manager who has intimate knowledge of the management of a motor vehicle fleet?

### **What does this mean for accountants?**

YourGM Pty Ltd are offering to pay an accountancy business a monthly referral fee, which is paid for the duration of an assignment of a client from an accountancy business or, alternatively, if the accountant requests the charge to be made by YourGM for business management services to the SME, the fee will be reduced by the amount of the fee that would have been payable to the accountancy business.

You will also get the benefit of being able to proactively advise your clients that there is a business management team available to assist them in the achievement of their business' objectives.

### **What ESS BIZTOOLS is doing?**

ESS BIZTOOLS is going to include an article within the accountants' area of ESS BIZTOOLS, summarising the types of services an external business management service provider can provide and, indeed, this will be a summary of what YourGM will provide to SMEs.

We are also contributing to a special webinar to be presented on **Wednesday, 17th September 2014 at 1pm AEST**, whereby accountants will be made aware of the types of services that YourGM Pty Ltd can supply to SMEs. If you are interested in participating in the webinar, [click here](#) to register.

To receive future editions in the 'Business Advisory News for Accountants' series, I invite you to subscribe, FREE of charge, to our [ESS BIZTOOLS – Business Advisory News for Accountants – Podcasts](#) page on iTunes.

If you have any questions or, if you have suggestions on future items to be covered in Business Advisory News for Accountants, wherein we will look at ways and means that accountants can be more effective by offering a range of business advisory services to their clients, please do not hesitate to email me at [peter@essbiztools.com.au](mailto:peter@essbiztools.com.au).



**Peter Towers**  
**Managing Director**