

The changing world of finance for small Business

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attaché

Guaranteed
Business
Improvement

**Much of what I discuss comes from a
3 year business advisory study
we conducted.**

Response form – electronic copies

- o My presentation
- o Scorecard – more details
- o Debtors reduction app – more details
- o Perfect Storm for exiting owners (USA article)
- o **How your bank views your business (Aust article)**
- o Unlocking growth in UK medium businesses (research paper)
- o Association / Govt official / SME / Large business / other
- o How can we help you / like to pilot something?

Mike Rich – Contact details

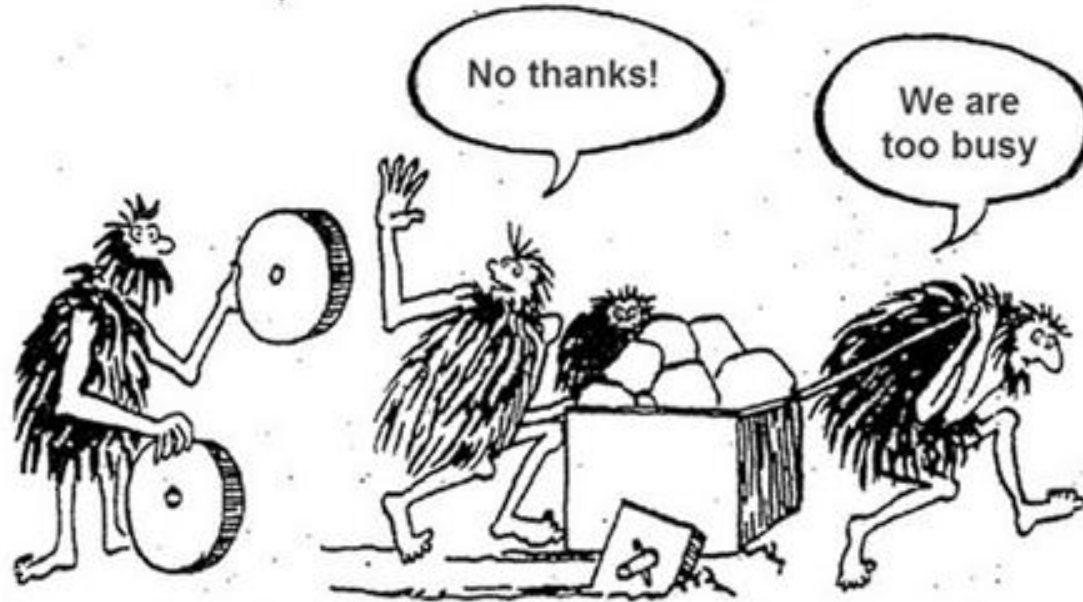
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Do they listen?

Too much data for small business owners



Not an issue for large businesses who have experts in most areas.

Missed message

“70% of those who employ staff want to retire over next decade”

(US Census Bureau)

Not enough equity for 10%?

Mass job losses?

Needs:

- (1) Inter-generational thinking like a good family business.
- (2) Sense of urgency & realistic view of business value.
- (3) Long term finance inc. staff shares, MBO.

Another missed message

More than 2 million businesses yet only:

40% employ staff

15% more than \$1 million turnover

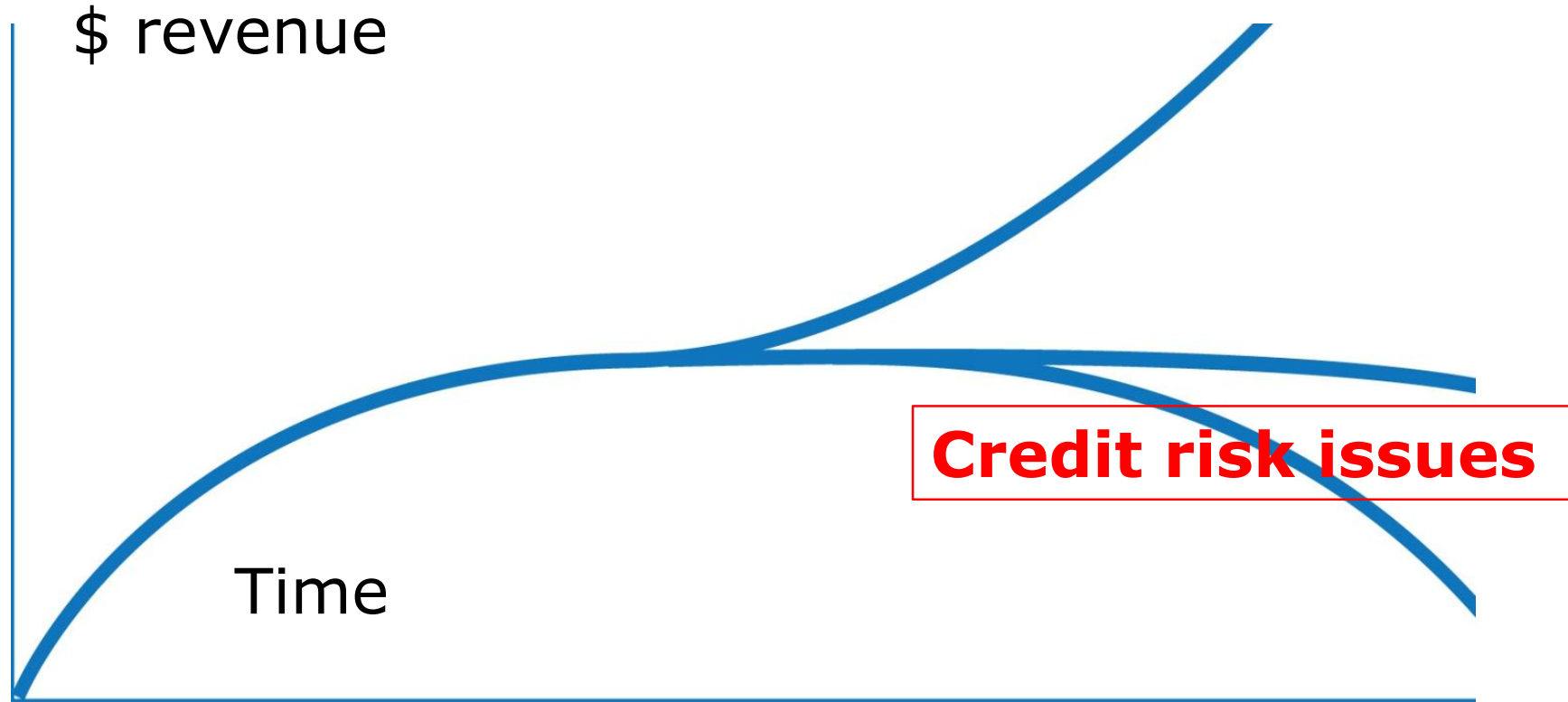
<1% more than \$10 million

Do they want to grow or do they think it's too hard?

I think the latter ... and finance is a factor.

Need to renovate just like a house

Every business eventually runs out of gas



Need to unlock cash & new ideas to move to next level.

Start-ups: attention should be wider

“Transforming unproven ideas into new products or services”



Eric Ries / Penguin Books

Existing SMEs should also look at start-up ideas
(initially funded by cash flow)

Focus: Aspiring 'Medium' businesses

More like 'Large' without the depth of resources

Small	Medium	Large
Owner run	Owners + professionals	Professional managers
Lifestyle focus	Growth aspirations	Clear growth targets
Political weight	Near invisible	Political weight
Typical revenue < \$1m	\$1m - \$40m	\$40m >
About 1.9 million	300,000	2,000
Short-term focus	Formal planning	Longer term planning horizon
Low external input	External input (advisors)	Separate governance
Owned by founder	Wider equity base	Diversified equity base
Small customer base	Wider customer base	Diversified markets/customers
Limited staff opportunities	Employee development	Multiple career paths
Low export potential Low borrowing needs	Need more long term funding Most is short term	Wide pool of short & long term funding sources

Government opportunity

'Unlocking growth in UK 'M' businesses'

MSBs punch above their weight

Victims of neglect: overlooked by government

Untapped potential for growth

Increasing the number of high-growth firms

Closing the performance gap

Helping to rebalance the economy

Three steps to growth

Generating confidence and ambition

Building up their skills base

Plugging the finance gap

2011 Report Summary (M Institute UK involved)

Revisit through local eyes
funded by Government. Should
be reasonably quick.

SME business owners can't do
this as resource poor.

Most reviews are 'over-cooked'

We saw the need for a business owner 'self-assessment' tool

Sign-in to Attaché Scorecard

Password

Login

S = Simple
T = Triage
A = and
R = Rapid
T = Treatment



Pilot

Accounting Firm helps 10 clients

Averaged extra \$100,000 net profit.

Used the Scorecard + their Leadership program.

Average turnover = \$1m.



Scorecard Step 1: we found 'hidden cash'

Typically 12% or more of turnover is locked in inefficient business systems

e.g. \$4m turnover = \$306,000 potential cashflow improvement

Collecting your debtors **8 days** quicker will improve your cashflow by **\$ 84,000**

Reducing your stock days by **11 days** will improve your cashflow by **\$ 72,000**

Reducing your expenses by **12%** will improve your cashflow by **\$ 90,000**

Increasing your sales volume by **12%** will improve your cashflow by **\$ 60,000**

Scorecard Step 2: 'HOW' to improve

70 improvement ideas in each of these areas



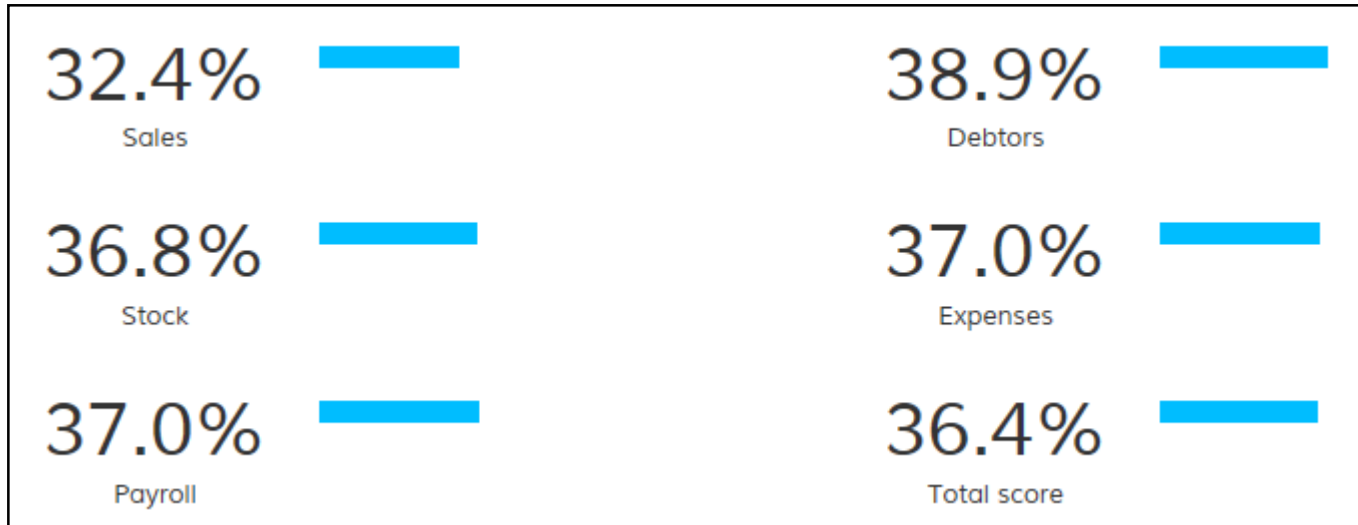
Business Owner reviews Sales?

Other managers then review their areas.

Write down 2-3 ideas that jump out & compare notes.

Validation

Lower the score the more room to improve



Good score is >70% ... Many are <40% like here

Example

Building supplies company

**Sales Grown By
More Than 20%**



Plus

Extra Cash	\$100,000+
Stock Reduction	15%
Debtors Reduction	10%
Expense Reduction	5%

Bank relationship evolved – now run seminars with them.

Aged Care – Payroll example

Improved rostering – with no job losses

Wage Bill Cut
\$600,000 *Improved
Service
Delivery*



'Stand-up' staff situations – also retail, grocery.

Keep it simple

Easier to improve a business in 'chunks'

Projects	Time on each	Switching time loss
1	100%	0%
2	40%	20%
3	20%	40%

SCRUM / Dr Jeff Sutherland

Improvement projects – only tackle 1 or 2 at a time.

First 'chunk' for many businesses

Overdue Debtors Reduction App



Up to 50% overdue debtors reduction.
Cash to help fund growth / improve credit rating.

Debtors reduction App

Integrates with most desktop & cloud packages

Attaché BI
Intuit QuickBooks Online
Intuit QuickBooks Premier
MYOB AccountRight
MYOB Essentials
MYOB EXO Business
MYOB Premier
Reckon Accounts
Xero

Easier for business advisors to work with standard systems.

Helping your eco-system helps you

Customers: pay faster, buy & sell more

Supply chain: more efficient, buy & sell more

Regional area: stronger local economy, skills grow

Best ideas: from outside your industry inc. finance

"In Australia, businesses don't work together," said Peter Freedman. "They're very guarded about what they've got. The attitude is that you're not going to help anybody because it's dangerous."

'2014 Joined up innovation' report

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