



Your Business and You: A Healthy Approach to a Long Life

We've all heard it before, the key to a long life is a healthy body and a healthy mind. The same can be said about a company. Take care of your business like it's a living, breathing entity, and you will see it flourish; possibly over decades, and maybe even longer. So, have a seat on the crinkly paper; it's time for a checkup!

Healthy Body

Blood Pressure: Working Capital

In money-speak, working capital is current assets less current liabilities. And just as blood pressure is a good indicator of your body's overall health and efficiency, so is working capital to a company. Without sufficient working capital to feed the body of the business, it is difficult to maintain efficiencies, and inevitably, the health of the business will begin to fail. Once your business is sick, the road to recovery is a difficult journey. Vaccinations in the form of higher interest rate financing options are costly and may not bring your company back from the brink. Prevention is much better than treatment!

Monitor your company's blood pressure and make sure that the business cash is building each month. Experiment with siphoning off some cash each month to a separate account to slowly build up to three months overhead. Think of that reserve as your defibrillator. You may not need it, but if your business takes an unexpected turn for the worse, it could save your life!

Fat Reserves: Inventory

Your body converts fat to energy, and so a small amount is a good thing. Excess fat will weigh you down and begin to erode your health. Inventory is the fat of a business. Let inventory accumulate unchecked, and it will cost you. Keeping business fat in check means determining the lowest level of inventory the business should carry to deliver quality customer service. Tighten up the supply chain so that product is delivered to the business just in time. Run lean and fast!

Food and Nutrition: Accounts Receivable

To stay healthy, you need a frequent and consistent influx of food and nutrition. Your business needs that same influx. It needs to get paid frequently and consistently. Keep accounts receivable current. A well-run business doesn't skip meals. It has very few receivables over 30 days, especially since suppliers are expecting to be paid within 30 days (or even on delivery). The closer your business eats (accounts paid) to its designated meal times (accounts receivable), the healthier the business.



Establish credit policies and maintain them. Like a good meal plan, policies will allow you to skip a meal so long as you make it up at an appropriate time. Set up flexible payment methods and a monthly collections routine and follow it. Only extend credit or continue to extend credit if a payment plan has been established and adhered to by the customer. The bistro can only close up so many times before it's no longer worth the drive!

Invoicing should be done as soon as the work is completed. This practice helps to ensure all items are included and puts the payment expectation right in front of your client. That will result in fewer customer complaints.

Exercise and Growth: Sales

Nobody wants to simply 'get by.' A vital aspect of good health is growth and exercise. A business accomplishes that growth through sales. Make sure sales growth is a combination of:

- Breadth: more new customers
- Depth: existing customers purchasing more products and services
- Value: price increases consistent with market rates but also a reflection of product or service differentiation
- Variety: Introduction of new products or services

Indulgence: Fixed Assets

A little indulgence is not a bad thing, but be careful of overindulgence; be it business or personal. Fixed assets are most often a drain, and their value tends to depreciate. Make sure the business isn't investing too much money here. Do you need a company car, or just want one? When it comes to fixed assets, make sure you are crystal clear on what the company *needs* versus what the company owner *wants*.

Make sure all of your needed fixed assets are fully utilized. If they're not, are markets declining? Are trends shifting? Is this an indication that new products and services should be investigated and offered? Your indulgences can tell you a lot about yourself and about what's available. Just make sure the cost doesn't overshadow the benefit.

Healthy Mind

Education: Strategic Operations

Education is about expanding your horizons by relating new ideas to your current perspective. It's no different in business. What are the current consumer or economic trends? What's coming next? Who is the target audience? Is that audience changing? Does your company rely on a few major clients or a swath of the consumer biomass? What direction are your clients taking?



Be a student of your industry. Assess the current operating environment and imagine the future. What needs to be adapted to evolve with the environment? How can your company stay relevant?

To stay relevant, you should make sure policies and procedures are consistent. Constantly review them to make sure staff training is current and in keeping with your consumer environment. Are

customer needs being met? Those fires you are fighting are indicators of a process gone wrong. Learn what it will take to change and update your systems and processes and turn them into new and pertinent policies and procedures.

Order and Routine: Administration

“Order is the sanity of the mind, the health of the body, the peace of the city, the security of the state. Like beams in a house or bones to a body, so is order to all things.” –Robert Southey

Your administration system brings order to chaos so make sure it's helping the business. Set up a paper file system *and* an electronic one. Ensure that it supports the bookkeeping system you use so that access to financial information is right at your fingertips. Administration is one area that is typically weak in a business. Can you improve any of your administrative processes to maximize efficiencies? Not only will immediate improvements benefit your business long term, but they will safeguard your sanity and keep your stress levels in check. Orderly business finances will also make your lovely favorite accountant happy. And we all want that, don't we!

Setting life goals: Strategic Plan

Your life needs a plan. So does your business. Make a strategic plan and update it annually with the business's 1-5 year goals. What needs to be accomplished? How will it be accomplished? When will it be scheduled and who will be doing it? This plan will help to determine your future staffing requirements and outline which experts you will need to hire to move your business to the next level. Sometimes we get so focused on the day-to-day, that we don't have time to look forward. The same holds true for business owners. Let this plan be your road map.

Maintaining the health of your business is key to long-term success. Take care of your business body, and it will take care of you. Now, here's your lollipop. Let's book the next check up in a few months.

Next, please!