

TAX TALKS

Australia's Tax News Podcast - The Podcast for Australian Tax Professionals

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118 | Get the Foundations Right

Everybody preaches to get the foundations right. But what does that actually mean?

Get the Foundations Right

What exactly needs to happen to get this right? John Peterson of Best Practice is a popular business advisor to accounting practices. Here is what we learned.

1 Mindset

If you don't believe your business can get any better, it won't.

Nothing is more important than your own self-belief and state of mind. Your mindset will determine your level of ultimate success. And your success is only limited by the limitations of your own self-esteem and self-belief.

Coming to terms with this is (for most of us) an ongoing process over years, if not a life long journey.

Nothing will limit your own potential more than your self-belief. Sadly, too many times great businesses with massive upside potential hit a glass ceiling placed by the self-belief of the business owners themselves.

2 Time Management

Nothing will alter your life more than the effective prioritisation of your time.

If you can learn the disciplines of blocking out diary time each day for important tasks, then this will change your life forever. If you fail to plan then you're planning to fail.

Block out at least two hours a week for working 'on' your business and yourself. Turn off the phone, the email, and any access to the outside world so you're effective.

How seriously are you pursuing your goals? Have you written them down? Don't just have business goals. But connect your goals to the core and essence of what you really want.

3 Design for life / Personal goals

At some point in our lives we've all had a goal and perhaps you even have some goals right now.

The question is how seriously you are pursuing these? Have you written your goal(s) down? Leading authors on the subject of goal setting like Brian Tracy believe that less than 10 percent of people worldwide have any goals, because his definition of a goal is something that has been written down and again in your own handwriting, and you're studying that goal and working on its attainment.

People can achieve ninety percent or more of what they set out to achieve when pursued correctly through a proven method.

Most people make the mistake of only having business goals and, as a result, they fail to connect with their primary level of motivation, the very core and essence of what they really want. For example, if you're an accountant or an electrician, what genuine motivation do you get from helping one more client complete their annual tax return or rewire their house? This doesn't compare to how motivated you'll get once you start planning your six-week European Summer Holiday!

If you fail to connect with this, you're not as likely to alter your business because 'what's in it for you personally' has not been defined.

Tip: Designing the Life you want needs to be done at a future date and written down with great detail as if it has already come true. Goals needs micro steps and 'by when' dates set where each individual goal becomes a stepping-stone to achieving your future life by design. Your on handwriting is more powerful than a computer because your subconscious memory takes what you write down more seriously and goes to work on your goals on your behalf.

4 Leadership

You need good people to succeed. And to get good people you need good leadership.

There are too many employees out there who take a job for the 'wrong' reasons. You must resist taking the low road and be more diligent in not only attracting talent but also retaining, developing and promoting talent as well.

Make it that 80% of the work is done by someone else 100% of the time. By someone else and not you.

5 Cash Flow

Nothing keeps business owners awake at night as much as cash flow.

When business owners start out they're willing to operate on the cash flow edge. Nobody teaches you how to master your cash flow and, as a result, you have no idea how to move away from that cash flow cliff edge. Years go by and nothing much has changed. Despite our years of experience, we continue to trade way too close to the 'cash flow cliff edge'.

Getting your cash flow right takes time. Most business owners 'don't know what they don't know' about cash flow and how easy it is to dramatically improve it by reducing volatility and introducing cash flow systems that take away all the guess work.

The most common mistake is having one trading account (bank account) that receives all income and pays all bills with no daily rigour or measurement of the daily cash earn and burn rates of the business.

6 Marketing

Having confidence in your cash flow will help you to commit to marketing.

Marketing is far more important today than ever before thanks to the internet and changed consumer behaviours.

Build a 'marketing machine' because marketing is about being where your customers are when they're ready to buy and the digital age means your customers are everywhere all the time (phones, tablets, PCs, social media and online forums, etc).

Have a fixed marketing budget between 1.5% to 10% of your turnover, depending on how cash poor or cash rich your business is. If you're struggling for cash flow, then start really small but make a start so that you slowly but surely grow a marketing competency and eventually this will become a marketing machine!

7 Management

If attracting talent is important, how do you do this when your business hasn't yet become attractive? The answer is to get serious about your core business purpose and reason for being.

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