The 7 pillars of **business success.**

Designed in partnership with Journey and Boss Digital

thinking business.
BY WILSON PARTNERS

Foreword.

When advising clients, Wilson Partners look at every aspect of the business across what we've defined as the 7 Pillars of Business Success. Using our unique business improvement tool ON.TRAC, we're able to help businesses identify areas for improvement and take action.

So what are the 7 pillars of business success?

When embarking on a new business venture, there are many factors that can determine success over failure, such as the product or service, how you differentiate yourself, what the competition's doing, how you're going to fund the business.

While it's not always realistic to have a clear strategy from day one, the sooner you have one, the sooner you can scale. For the majority of businesses, we've identified 7 pillars that, if kept in check, well-oiled and up to par, can lead to success.

The 7 pillars of business success are...

1. Strategy & leadership
2. Marketing strategy
3. Sales
4. Building a team
5. Technology
6. Operations
7. Finance & legal

Of course, there's no magic wand or one size fits all solution, and not all pillars will require equal focus for every business. Having been in business ourselves for many years however, and having worked with hundreds of other businesses, we've used our experience to develop this guide to give you plenty of food for thought and help you on your own business journey.

Good luck in your venture,

Allan Wilson
MD Wilson Partners

Table of contents

Pillar 1
Strategy and leadership.

The greatest challenge for any business owner is freeing themselves from the inner workings of the organisation and finding time to actually be a leader. It's the endless tug of war between urgent versus important, and the successful leaders always know how to make time for the latter.

1. Understand your market landscape.

Without exception, the most successful leaders are endlessly curious about their audience, their competition and the broader factors shaping their market, be they technological, political, economic or social.

They are constantly consuming information from their peers. They understand how their customer's needs and desires are evolving, and they're always investigating their competition to see where they're spending their energy and resources. Steve Jobs was famous for stealing ideas from his competitors and this natural curiosity is a trait we often find among the owners of high growth companies.

Your business:

- SWOT analysis
- Goals
- Values
- Founders/senior leadership team

Your competition:

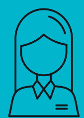
- Where are they positioned?
- Where are they spending their money/resources?
- What can you learn from their sales and marketing?

Your audience:

- Who are they?
- What do they care about?
- What are their online/offline habits?

Broader factors shaping markets over the next decade:

Technological



Social

Economical

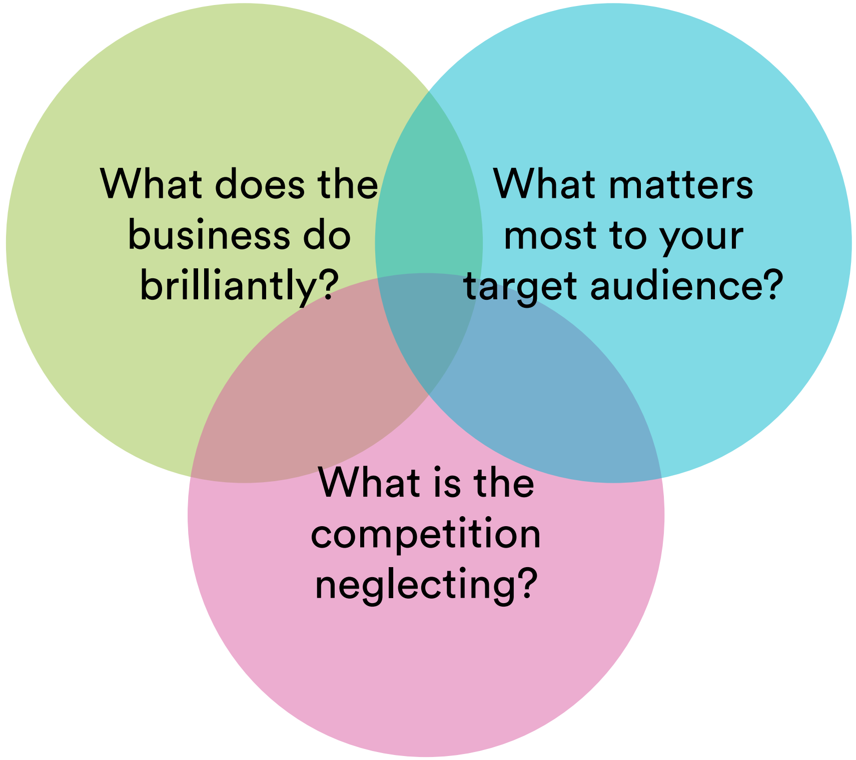
Political

2. Identify your core competence.

The intersection of the questions in this diagram represents your core competence; the thing that you have at the front of your mind during every strategic decision and that you will one day become famous for.

If you're in an emerging market this might be easy. If you're in a saturated market competing against big brands then the process is far more difficult and will almost certainly result in you going niche (unless you have very deep pockets!).

Unfortunately, very few companies ever answer these questions, which is why most markets are packed with forgettable brands communicating generic messaging to an unresponsive audience.

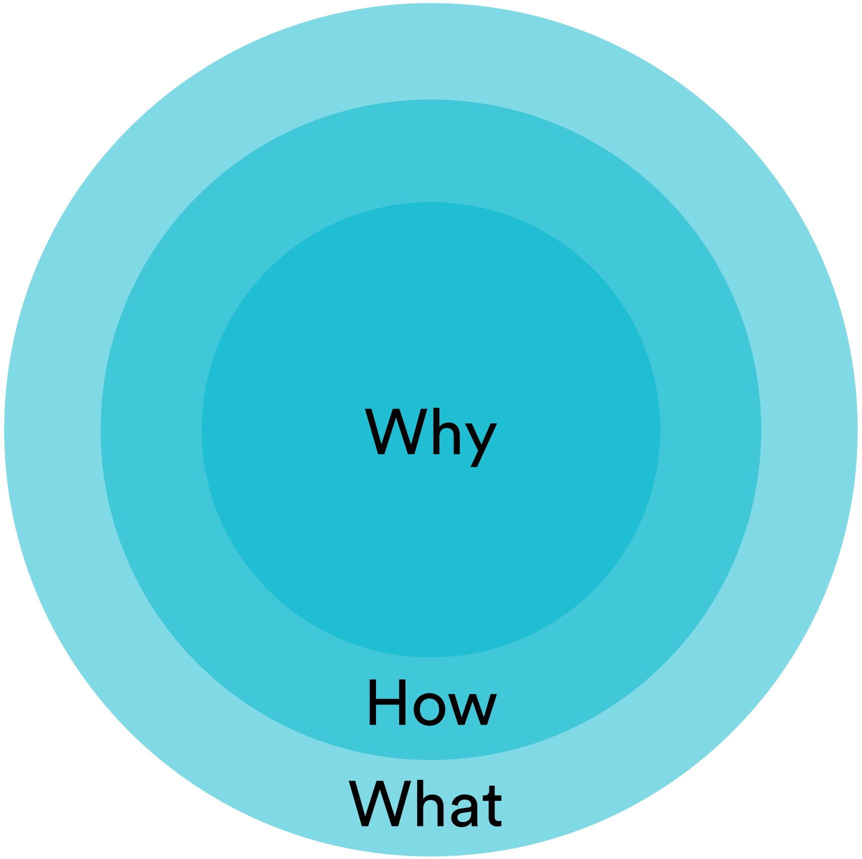


3. Articulate a compelling vision.

Being clear on your core competence is not enough. You also need to be able to articulate it in a compelling manner.

This comes down to understanding your purpose and finding your ”why”.

By understanding why you do what you do and why people should care, you can communicate your core competence in a powerful and emotive way. And regardless of how rational your audience may seem (or may think they are) every purchase decision, whether B2B or B2C, is ultimately driven by emotion.



4. Champion strong values.

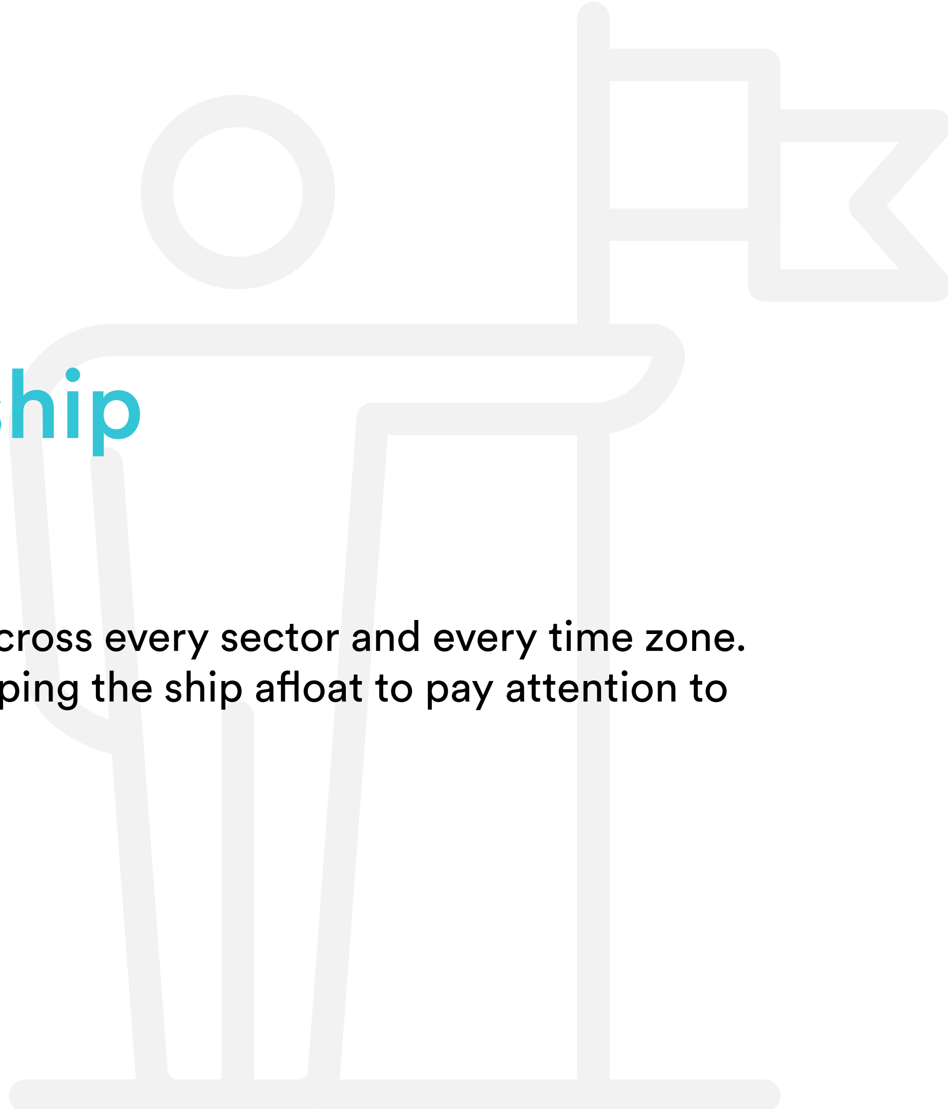
The final characteristic of all great leaders is their ability to create a shared culture, which demands that they have clear values. There are a few things to keep in mind in the development of values:

They should capture the traits and habits that most define the founders and leaders of the business, to ensure that all future employees also embody these traits.

After all, it's these founders and leaders that have defined the success of the business to date!

They should be honest and perhaps even a little bit divisive - if your values are so safe that they appeal to everyone, then they're not strong enough.

If your culture is direct and no-nonsense, say so. It might put some people off from applying but that's a good thing - they will have never integrated into the culture.



Strategy and leadership are not complex.

These are simple principles that are universal across every sector and every time zone. However, most leaders are simply too busy keeping the ship afloat to pay attention to the direction it's pointing.

Make sure you're one of the exceptions.

Pillar 2
Marketing strategy.

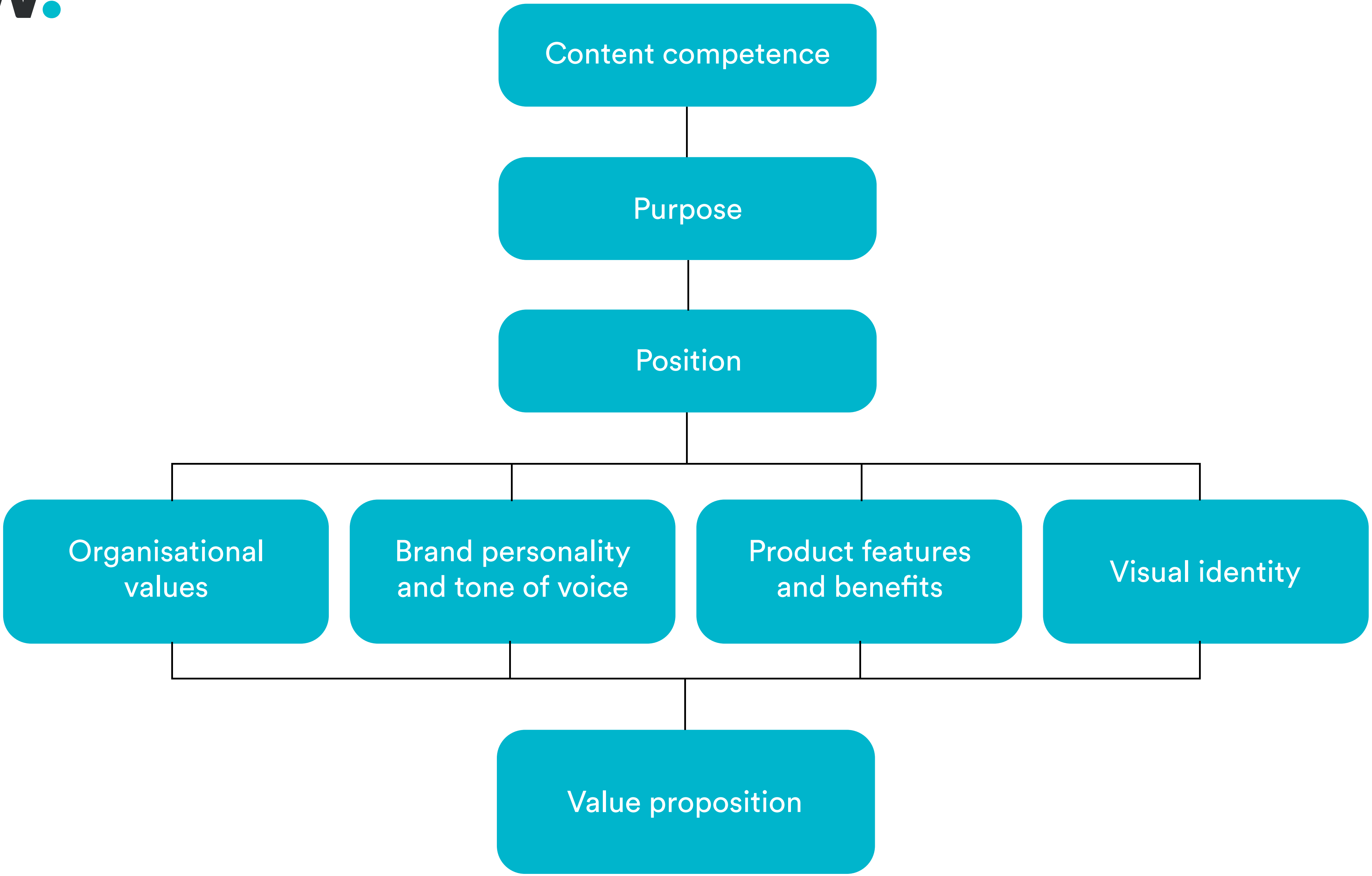
It’s no coincidence that the greatest business people of all time have also been great marketers. Too often marketing is viewed as a supporting role for sales. On the contrary, marketing is the most all-encompassing function of any business. It determines what the business does, how it does it and for who. A great marketer will concern themselves with every component of the business, because every component of the business will impact the customer’s perception of the brand.

1. Brand.

A core competence alone is difficult for audiences to engage with and easy for competitors to replicate. To develop something enduring we need to build a richer identity.

That begins with a brand purpose, which involves understanding why your core competence matters and why people should care. What is it that you believe is wrong with the world that your business is going to change?

Then we have our brand position, which is what do you do and who do you do it for. The shorter the position statement the better. As Seth Godin once said, “If your position is longer than 8 words, you don’t have a position.”


Content competence
Purpose
Position
Organisational values
Brand personality and tone of voice
Product features and benefits
Visual identity
Value proposition

Now that we have our basic identity, we can elaborate on it in the following four directions in order to ensure customers can develop a really meaningful relationship with the brand:

Product - what are your key product/service features and benefits? These USPs should be clearly defined and consistently communicated across all sales collateral.

Organisation - what are your organisation’s values? How are you embedding them into your culture? How are they built into your recruitment process so you can hire people just like the people who have made the business a success to date?

Personality - this is usually based on the founder or senior leadership team. What’s the tone of voice? Is the personality relaxed or direct?

Symbol - what does it look like? What’s the colour palette, type face, user imagery and logo? This is just one piece in the brand puzzle, bu unfortunately all that people tend to think of.

Finally, we can create our value proposition.

Finally, we can create our value proposition. This tends to be more detailed and should capture the key benefits of your service along with a source of credibility so that people believe you. The benefits will be a combination of:

Rational - what does it do? (Brand as Product).
Emotional - how does it make me feel? (Brand as Person and Organisation).
Self expressive - what does it say about me? (as above).

The price position should reflect the value proposition, and you then need a source of credibility to support it. That could be an influencer affiliation, case study, award or anything else that helps the customer to believe what they're being told.

2. Audience.

The first pillar explores the power of understanding your audience: who they are, what they care about, as well as their online and offline habits. Armed with this knowledge as part of your business strategy, you now need to decide how you're going to break them into groups for targeting.

This will vary for each business, but here's a suggestion for how to break down your different target customers...

Existing customers

Before looking for new customers, make sure your existing customers are happy and taking advantage of everything you have to offer. Have a customer management process in place that ensures you regularly get feedback from your clients, that you tell them about new services and ask them what else you could be doing.

Existing customers' customers

If the relationship is working out and you're keeping your clients happy, you're in the best shape to request a referral which can be part of your customer management process. And when it works out, give something back to the client that reflects what you've saved in marketing costs and they'll probably do it again. More importantly though - don't let them regret referring you and keep them in the loop.

Referral channels

Keep in touch with your network regularly and tell them what you're doing, who you work for and don't be afraid to ask who they know that may require your products and services. As your business develops, so too will your credibility amongst your network, and whilst some will become customers, others - particularly those in allied sectors - will become valuable referees. Remember though, referral is a two-way street so don't forget to give back.

Specific targets

There are no hard and fast rules on this, but you'll generally be looking at size, sector, number of employees, location and of course your relevance to them. By splitting them into groups, it will be far easier to not only shape your products and services to fit their needs, but also develop a marketing strategy to focus on them. You may want to niche yourselves in a particular sector or it may just happen by accident, but the more relevant you are to your target the more you'll become valuable to them.

Speculative prospects

The more you're marketing yourself the more likely you are to have enquires that sit outside of your target market. These enquires challenge you to consider whether you want them or not, and reveal new markets you might not have considered. It's important however not to get seduced by enquires that may lead to big bucks but sit too far outside of your target. Have a process in place that helps you decide whether you want to pitch for a project and if not how to politely decline - they may one day become a relevant target.

3. Content & channel strategy.

Most companies struggle to ever develop effective lines of communication with their audience, whether that's via social media, email, print advertising or whatever channel their audience is most active on. The reason for this failure tends to have nothing to do with the channel in question, and everything to do with the content.

90% of companies are now active on blogs, social media and email, yet almost none of them have a defined strategy for their content. Consequently:

- They don't know what it is they're trying to achieve or how to measure it.
- The content, even if well produced, is highly disjointed and doesn't add up to anything.
- It demands about three times the investment of time than it should.
- There isn't one magic bullet to resolving these issues, but there are some basic principles that all content strategies should adhere to if they're to engage and influence the audience.

Start on their terms.

The key to making someone like you, or to at least buy a tiny amount of their attention, is to get the conversion onto topics they have an existing interest in. So before posting so much as a tweet, you should first document the themes that these people are going to care about.

Once we have sparked their interest and initiated a level of engagement, we can then work back to the thing that we really want to talk about, which is presumably the thing we're trying to sell.

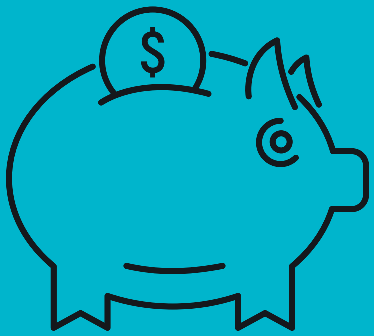
Focus on your assets.

There is a tendency for companies to fixate on the channels where they can see their competitors are active. No company wants to see its competitors building thousands of fans on Facebook while they're drowning in tumbleweed, or that they're the only big name from their industry missing at the large annual exhibition. The problem with these channels, however, is that you do not own them.

If Facebook decide to hike up their ad costs, there's nothing you can do about it. If that big exhibition closes down, there's nothing you can do about it. And what's worse, you will have nothing to show for those years of investment.

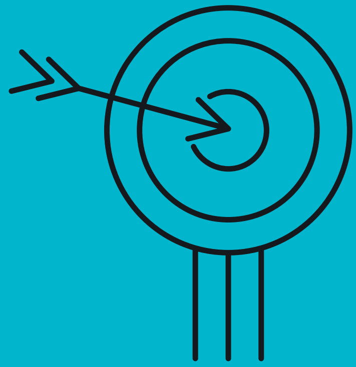
There are only two assets you own online: your website and your email list. Everything you do should therefore...

Directly stick money in the bank



Point back to these two real assets

(or an offline asset, such as your own event)



There are other reasons why you should focus on these two assets:

They convert - inbound web enquiries convert at approximately 5 times the rate of outbound leads, while email accounts for 70-90% of revenue for many commerce brands.

They build cumulative value while your costs stay flat - as your email list grows you may have to pay a very small increased cost to the platform you're using, but it's nothing compared to the value of this list. The same applies to your website. With each piece of content you add, you are growing the range of keywords for which the site can be found. In fact in any given month you will attract far more visitors to your old content than you will to content published in that month and it didn't cost you a penny.

Go evergreen.

Much of content that's published online is topical, whether that's company news relating to an event in your industry or the broader media. Therefore, even if it's successful, its impact is fleeting. One of the easiest ways to increase your marketing efficiency is to focus on content that is going to have a long shelf life. That content can then be redistributed every few months, ensuring you take as much value from it as possible.

CODE: Create once, distribute everywhere.

When you create a blog post for example, could you simultaneously turn it into some social assets that you push out on Facebook, Twitter and LinkedIn? Could you send it out via email? Could you include it as part of a series and turn that into an eGuide? Why not add it to some printed literature for your next event? Not only does this all massively increase efficiency, but it also means that you're communicating a consistent message across all channels.

Create less, promote more.

Consider this for a moment - if your marketing person spends 6 hours creating a blog post and value their time at £50 an hour, that's £300. If you don't promote that blog post it will probably be seen by fewer than 10 people.

On the other hand, you could spend £50 promoting it on social media, and it would likely be seen by over 500 people - and the right people! That's a small increase in cost for a monumental increase in exposure.

In short, you should be creating less stuff but promoting it properly!

4. Know your numbers.

This is perhaps the area of marketing that resonates most powerfully with business owners and directors. After all, in their minds the job of marketing is (correctly!) about putting money in the bank.

However, it's remarkable how few marketers ever establish the commercial fundamentals of their campaign. This involves understanding:

- What is your conversion rate from lead to sale?
- What is the average profit value per job?
- How likely is it that the customer will return to you?
- What is the referral rate?

Without understanding the answers to these questions, you cannot possibly develop an intelligent marketing campaign. Inevitably you will end up spending too much on the wrong channels and not enough on the right channels.

When you see a company enter a market and flood it in months, this isn't through luck. It's because they have established their numbers and designed an aggressive lead generation campaign accordingly.

5. Track the metrics that matter.

It's often said that the great thing about the digital age is that after decades of spending blindly on advertising, companies can finally attribute their successes to specific campaigns and channels, thereby establishing the true value of the activity.

In reality, little of this data is fully captured or interpreted, and when it is it tends to be pooled together with so much other information that it's virtually impossible for a senior decision maker to make sense of.

Consider breaking it down into the following...

Your Northstar & magic moments.

Your Northstar is your number one measure of success and should act as a guiding light during all strategic decision making. It ensures clarity and alignment throughout the organisation and that when compromise has to be made, everybody understands that this is this is the metric that takes priority.

It should represent the value the customer is taking from your product or service.

It should be a great indicator of present and future revenue.

It should be aligned to the brand core and mission.

Facebook famously revealed their Northstar as monthly active users.

More interesting, however, was what they called their "Magic Moment" - the event that drives the Northstar. During their early high-growth phase, it became evident that the critical factor in determining someone's long term engagement was whether or not they added 10 friends in 14 days. If they did then statistically they were more likely to become a long term active user and then recruit other friends (most of Facebook's growth came from offline word of mouth, not from any form of online marketing!).

There is a tendency to assume Northstars & Magic Moments are only relevant to tech companies, but they are universal principles that can be applied to any business in any market.

Additional headline metrics.

As powerful as a Northstar can be, you will still want to dive a little deeper into the data. The metrics you should track will depend on your industry and business model, but it typically makes sense to choose one (max two) per channel, and categorise them by...

Brand metrics
Overall brand awareness

Nurturing metrics
How you engaging with prospects & drive them down the funnel.

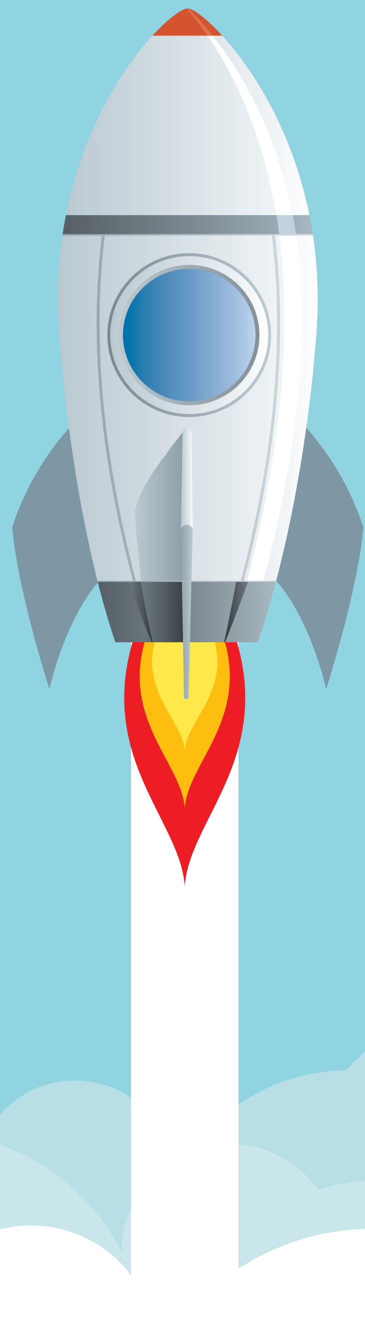
Conversion metrics
Conversion rates into leads or sales

Retention metrics
Repeat customers or sales

By structuring your KPI’s in accordance with this funnel sequence, it will make it far quicker for your marketing team to compile the reports, and far easier for you and your senior leadership team to make sense of it all.

We have only scratched the surface of what makes a great marketing campaign, but if, as a business leader, you follow this guide, you will know exactly what to expect from your marketing team and the role they should be playing in ensuring you achieve the company’s strategic and commercial objectives.

Pillar 3
Sales.



No matter what your role or industry, we all have to be able to sell something, if only ourselves. In Pillar 2 we talked about appealing to your ideal target customer, having a content strategy, identifying which channels you're going to use to communicate with them and understanding the metrics, but what does it cost to win a new lead?

Sales, like most business functions, comes in a myriad of shapes and guises.

The most successful businesses usually have a sales and marketing function that dovetails comfortably and an understanding where responsibility lies. So if you have a marketing process, then you need to have a process in place for how you sell.

There is no definitively correct way of selling. It’s all a question of what’s right for your brand and what’s right for you. There are however certain things that sales teams should have at the forefront of their minds:

Be genuine

It's not enough to just sell features and benefits. You need to begin by getting to know the buyer on a human level. Only then will you understand their wants, desires and non-negotiables.

Find the route of the problem

Too often we focus on superficial wins without really getting to the heart of what keeps the customer up at night. Consider how you and your offering can help the client sleep easy to fire on all cylinders!

Be clear on what the client will be getting for the price you have agreed

This is the real value, not just time spent. Setting clear expectations is fundamental to ensuring this becomes a long term, profitable relationship for both parties.

Never ever discount your offering

Discounting once devalues your service and sets a precedent that cannot be corrected. Haggling is not an option: be comfortable with your pricing strategy & be 100% clear on the value you are bringing.

The Sandler methodology.

At Wilson Partners, we subscribe to a methodology called Sandler, as it lends itself to our naturally consultative style. First developed in 1967, the Sandler sales methodology uses questions to build rapport while building a picture of what the buyer needs, so that a corresponding “solution” can be tailored and sold.

While similar to other forms of solution selling, what really distinguishes the Sandler model is its desire to redress the balance between seller and buyer. In fact, the sales person actually spends more time qualifying than they do closing, and if the solution is not right for the buyer then the seller doesn’t push it. It’s about getting to a point of mutual commitment.

The most important thing is to have a process.

Of course Sandler is just one methodology, and it may be that you find something more appropriate for your business and culture. Even then, you'll still find each member of your team tweaking it for their own style and strengths! But for the majority of sale processes, here are 4 things to consider:

1. Know the product.

...and that of your competitors! We're all in consultancy sales now. We need to add real value to the customer's experience which begins with a deep level of insight into the product we're selling:

- What problems does it solve?
- Why do these things matter?
- Why should the customer believe you?

Perhaps more importantly, you have to be able to speak with confidence about the products of your competitors, because you can be sure your prospect is doing their due-diligence. Don't forget that the key driver behind most purchase decisions is fear: fear of regret, fear of blame. You need to possess sufficient insight so that you can help the prospect navigate this fear and understand why your product provides the greatest certainty.

2. Keep the brand front of mind.

Sales is the ultimate manifestation of the brand, such as the way they answer the phone, make promises and follow up. These small human interactions will make a greater impact on your brand image than every tweet, email and blog post combined

This is not to say that you are creating an army of clones. Authenticity is critical. But there must be a certain framework within which each individual can flourish.

Brand as the sales team

They must...

All know your value proposition

They may have different ways of communicating it, but they must all be familiar with the central messages.

Align with the personality and tone of the brand

If your brand is about energy and enthusiasm, that needs to be evident in their communication. If it's about professionalism, they shouldn't be turning up to meetings in flip flops and sunglasses.

Be hired on their fit with your organisational values

It doesn't matter ow strong their performance - culture is what you tolerate.

3. Marketing is your engine.

Too often marketing and sales are treated as entirely separate functions with little common interest. There is just one goal - to take your product to market - and your sales and marketing departments are merely different channels through which to achieve that. The more they communicate and collaborate, the clearer the message will be heard by the customer.

Furthermore, marketing should be feeding regular insights into the sales team so that they are better able to educate the customer, dislodge their minds from pre-conceptions and make room for new possibilities.

4. People buy from people, even online.

If Covid has taught us one thing, it’s that we cannot depend on bricks and mortar encounters to initiate and nurture customer relationships. It is not enough for the company to develop its online profile. Every member of your sales function must do the same.

The exact style will vary from person to person. Your classic networkers will find themselves connecting people and signposting users towards great resources, while your thought leaders will start new conversations by publishing their own unique content.

There is a channel and style to fit everyone, just as there is in the real world. The next generation of sales people will understand this, so for those of us already in the workforce, we need to make sure we’re also comfortable with this new world. And fast.

You also need to consider your follow up.

Remember that in some businesses, the sales cycle can be months, years even, so having a follow up process and sticking to it will give you the best opportunity of converting it. Having a good CRM in place to log, track and prompt you along the way will also help in keeping track of conversion.

Whatever your methodology, your process needs to be clear on how you're going to make first contact, what questions you're going to ask, how you present your business and how you decide whether the opportunity is right for you. The more routine you have in place, the more confidence you have in what you're doing.

And finally, make sure your team completely understands your product or service and are prepared to put in the effort to do their homework and understand the prospect.

Pillar 4
Building a team.

As a business leader, the single most important decisions you ever make will concern the people you hire and the investments you make in their development. Get this right, and your growth will know no limits. Get this wrong, and you'll work 23 hours a day just to stand still.

11 key steps to building a world-class team.

1. Prioritise your recruitment process.

Let's start with a simple one: you must obsess over your recruitment process. As business leader of an expanding company, it should be your first, second and third priority.

2. Test for practical skills over academic prowess.

Google refer to this as "Action over abstraction". Can the candidate actually get stuff done or would they rather spend all day pontificating over strategy?

Your recruitment process should be designed to assess the former rather than the latter. You should incorporate practical tasks that ensure the person is world class at that one thing you need from them. It doesn't matter whether they're an administrator, sales person, marketer, bookkeeper, developer or director, there will be one or two basic skills that you require from day one, and your recruitment process should be designed to find people who possess that skill to an absurd degree.

3. Integrate your values throughout the process.

As per your brand identity, your company will have a number of core values that need to be embedded in the day to day culture. Nowhere is it more important for these cultural mechanisms to exist than within the recruitment process. If one of your values is “taking ownership”, how will you ascertain if they’re the kind of person that takes ownership? Can they give lots of practical examples of where they have proactively sought greater ownership and responsibility in former roles?

Values are 90% determined by the people you hire and 10% by the mechanisms that exist once they are in their role. If you hire the right people the culture will become self policing. Hire the wrong people and you’ll spend your life in internal meetings trying to force people to become something they’re not.

4. Understand what “good” looks like.

One of the common traits we find among leaders of high growth start-ups, is that they tend to have a high degree of insight into the roles performed by others. That is not to say that the CEO is also an expert salesperson, developer, operations manager and customer services assistant, but they ensure they know enough about the role to understand the challenges the person will encounter and what “good” looks like in that role. Without that, they cannot possibly judge the performance of either the person or the function, or understand how it needs to fit together with the rest of the business.

5. Ask the right questions.

Conventional leadership wisdom dictates that a great CEO should spend a significant proportion of time walking through the business, learning about the people, their lives and their roles. This is important, certainly, but it needs to be more focused than just having a natter. This is not about building rapport at a vague and superficial level. It is about actually getting to understand these people and their jobs, and that means asking insightful and challenging questions.

6. Prioritise performance and clear thinking over seniority.

The world's most successful companies are built on performance. It shouldn't matter if someone has been with you 10 weeks or 10 years, if they are demonstrating a clear rationale for their thinking, they should be listened to. And if they are demonstrating a consistent ability to execute, they should be rewarded.

Those that demand a seat at the table merely because of their job title or time spent with the company, need a polite reality check. It's what they are contributing that counts.

7. Understand the roles that are motivated by intrinsic vs extrinsic factors.

It's assumed that if you offer people a financial reward for high performance, their performance will improve. This is true for some jobs, but absolutely not true for others. Extrinsic factors narrow people's focus, which works really well when there's a clear process to be followed.

However, not every task benefits from a narrow focus. Sometimes you want people to slow down and think laterally. This is where intrinsic motivators are far more powerful. If you are trying to get your team to be more creative or generate complex solutions to complex problems, offering a monetary solution is likely to be at best ineffective, and at worst counterproductive.

8. Encourage disagreement.

If you hire smart, ambitious people, they will often disagree with one another. That's okay. Disagreement should not be discouraged. It's perfectly fine to have differences of opinion and nobody should feel too special, sensitive or senior to be challenged. Friction is good.

If anything, encouraging a culture where it's okay to challenge and disagree can actually prevent grudges from developing. It also results in much smarter decisions being made.

9. Hire slow, fire fast.

It's a horrible expression and make no mistake, if you're firing someone then it means you probably got something wrong at the recruitment stage. Firing affects peoples' lives and is never to be taken lightly. While they're with you, you have a moral imperative to do everything you can to support them and ensure they are able to succeed in their role.

However, if that's the direction of travel, then you need to arrive there as quickly as possible. If you're not happy with the person's performance in week 3 then you're not going to be happy with their performance in month 3. Don't drag it it out. It doesn't help them, you or their colleagues.

On the other hand, when hiring, you should give yourself bags of time. It will always feel like you need the person yesterday (hence why you're hiring) but under no circumstances can you cut corners and rush the process. You will spend the next year regretting it.

10. Create practical measures to embed your culture.

95% of companies now have a piece of paper printed with the word “Values” at the top of it, but how is it actually impacting behaviour? If you want these values to become the culture then there needs to be some very specific mechanisms designed and integrated into your day to day operations. For example:

- **Performance reviews** - how are your values tied into your performance reviews? How do they impact pay?
- **Working arrangements** - if you want your people to use their initiative, work hard, be responsive to unexpected events and take ownership, then this is a two way street. What are your policies around flexi-time, holiday caps, charity work and work from home days?
- **Team meetings** - how are your values built into your internal meetings? If they really count for anything then they should play a key role in how routine meetings are structured.
- **Social events** - getting away from the office and having fun is such a key aspect of building a culture, but it’s also a great opportunity to reinforce the key values. Think about how you can tie your core values into these activities.

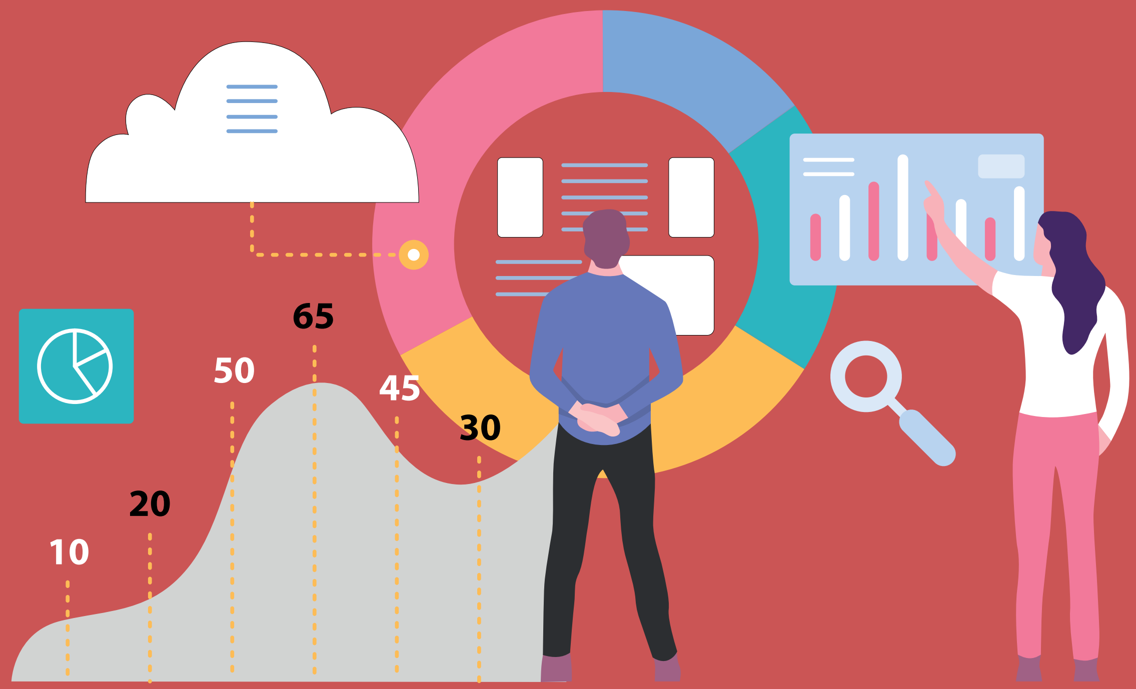
11. Rockstar performers aren't exempt from the rules.

Of all the rules around building great teams, perhaps the most difficult is knowing how to deal with great performers who undermine the culture. How tolerant should you be of these people? How far should you allow them to bend the rules so that the company doesn't lose their financial contribution? The answer is, not at all. While your goal should be to hire the best of the best, nobody can be above the company's values.

As with anything in business, developing great teams is highly subjective and there may be principles on this list that you feel don't quite fit your culture. That's fine, but if there is one thought you take away it should be this - however much time you are currently spending on your people, particularly the recruitment process, double it. And then double it again.

Pillar 5
Technology.

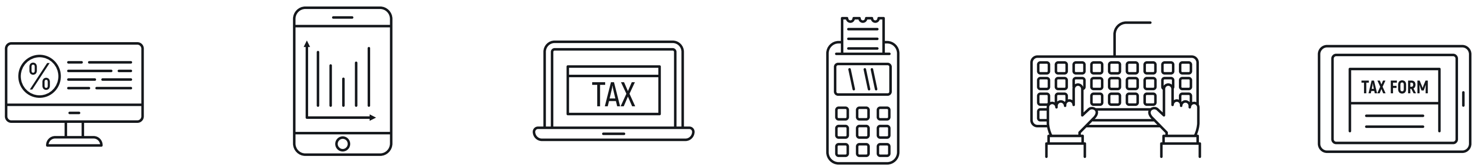
Every market is now a technology market. For some, that simply means using technology to do the same things faster and better. For others it has re-written the rulebook entirely.



Technology is now as fundamental to businesses as the people who use it.

And just as with people, you can only take the full value of technology if it’s joined up, pointing in one direction, and resting upon a foundation of sensible business strategies and processes.

Therefore, before we get into the exciting stuff, let’s first explore some of the most important business principles alongside which any smart technology strategy must exist, no matter what your size or sector.



1. Have a clear vision.

As leader, it’s imperative that not only are you able to articulate a compelling vision for your brand, but that you have a strong sense of how technology will help you deliver that vision. What are the key technologies – be it AI, cloud computing or big data, for example - that will act as the driving force behind this mission and how does it align with the culture and values of the organisation?

Failure to articulate how technology sits within the overall business will damage transformation projects and create a fear among customers and employees that technology is their enemy rather than ally.

2. Accountability.

As with any part of the business, ownership and accountability are critical in driving action. One of the biggest issues with new technology is that the person responsible for it (CTO or CIO) is usually the same person responsible for managing and troubleshooting the existing technology. This person is probably not well placed to be driving true innovation as they are preoccupied with making existing technology work. Instead, you need someone in a dedicated transformation role.

The vast majority of businesses are too small to accommodate that specialist role, so responsibility will need to be given to an existing member of the team. In which case, clear expectations will need to be set around the strategic significance of facilitating change vs maintaining and leveraging the status quo.

In mid to large organisations, you may also need involvement from the departments in question. It's probably not enough for one department to be driving through change and innovation for every function. Instead you're likely to need what's called a "hub and spoke" system, where the hub is a central transformation department focused on the new technologies, and each spoke is a different function in the business, where the people in that function will usually have the best understanding of how the technology can be adopted and leveraged within their world.

3. The basics of change management.

Finding the right technology is usually the easy part. Where things become difficult is in adoption, even in SMEs. The key is to identify a small cohort of early adopters who can help you to prove the business case and iron out any early problems. Engage this cohort effectively and you'll soon find other parts of the business want in on the action.

By trying to do too much too quickly, or by trying to win over the cynics before the business case is proven, you are going to set yourself up for failure.

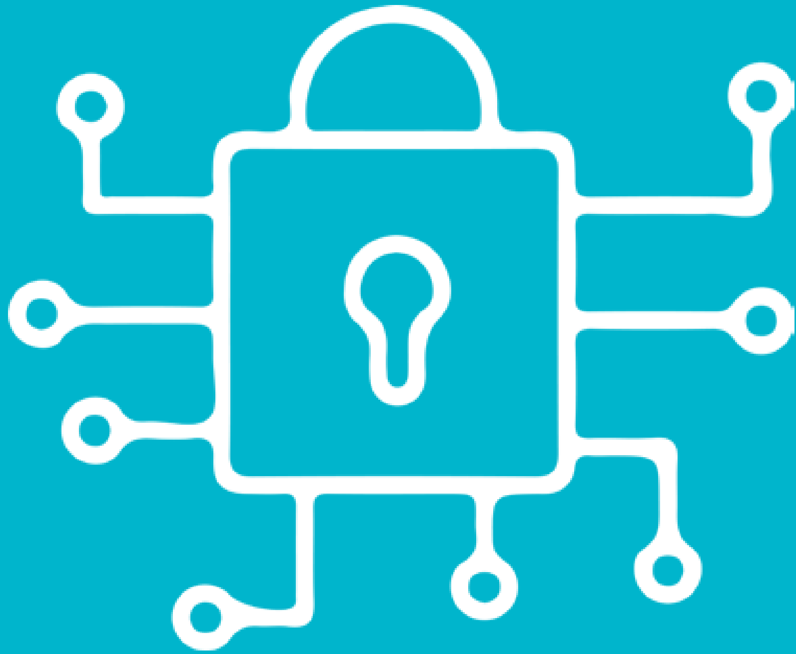
4. Build your incoming tech conduits.

As leader, you don’t have time to immerse yourself in every new form of technology, but you do need to have a steady flow of ideas. It may be a case of subscribing to half adozen blogs or attending industry events or webinars. Some particularly progressive business leaders will meet up with competing firms to share ideas (and in some cases, even collaborate on new investments) in order to expose themselves to a broader range of insights and mitigate risk.

5. Cyber security.

For a long time it was difficult to get cyber security on the board's agenda as it was viewed as an optional cost rather than business critical investment. Those times have gone; senior leaders recognise that the stakes are too high to bury their heads in the sand and some have even realised it can be a source of competitive advantage. Customers, whether business or consumer, want to know that they are dealing with a brand they can trust, and they attach great value to measures taken to protect their data and security.

And this is not limited to large organisations. In fact, Steve Wright, former CISO for the Bank of England, recently argued that smart cyber criminals were increasingly targeting small companies, as too often they lack the resources and systems to sustain an attack.



6. Three tech tools your business should already be exploiting.

Now that we've established the fundamentals of technology adoption, let's look at some of the technologies your company should either already be leveraging, or at least planning on doing so in 2021:

Cloud computing

Cloud computing is remote storage on a server elsewhere rather than locally on your computer. It is largely credited with the "democratisation of the web" and has allowed small businesses and individuals to access technologies and services that were previously limited to huge corporations.

There are three big players in this market - Amazon Web Services, Google Cloud and Microsoft Azure - providing everything from hosting, email, file storage, website management and app development.

Accountancy software

A more specific example of cloud computing can be seen within the accountancy market. At Wilson Partners we like our clients to be one step ahead and have moved many of them over to Xero, the leading accountancy cloud package.

Cloud accounting allows users to manage their books online via a virtual dashboard. As with all cloud software it's constantly being updated so there are always new features and tools to help the user experience. It's also typically paid for on a monthly subscription.

Collaboration and project management tools

As remote and flexible working becomes more common and attractive to talent, it's important your business takes full advantage of the platforms that facilitate communication and collaboration.

In addition to the obvious ones like Skype, FaceTime, Slack and WhatsApp, there are also online productivity and project management tools like Trello and Monday.com that allow users to manage their projects and workflows in a highly visual and collaborative way.

And finally, the technology on the horizon that we all need to be watching.

With the AI revolution on the horizon and much speculation around the consequences, as business leaders it's the immediate future that we need to be concerned with.

AI is dependent on a high degree of machine learning - the ability for it to self-evolve and adapt as it encounters new stimuli, just as a human brain does. However, there is a form of technology that doesn't involve such a high level of machine learning: robotic process automation (RPA). A human shows the machine specifically what needs to be done, and then the machine replicates that process. This technology has its limitations, of course, but for highly repetitive tasks such as customer on-boarding or invoicing, it can turn an administrative burden into a major competitive edge.

The fear is that those in administrative roles will lose their jobs, when in reality in 90% of companies employing robotics (and basic AI), those employees are instead using their time for less repetitive, more rewarding tasks, usually customer facing where the human touch can really make a difference.

Pillar 6
Operations.

No matter what business you're in, your ability to bring on new clients while maximising lifetime profit value of existing ones will be determined principally by your product/service, so the methodologies, systems and processes you use to create that product could not be more business-critical.

This is as true for a cake-shop owner as it is for Google developers building their next global platform.

What's more, for owners of SMEs, these systems and processes will determine if they actually behave as business owners or if instead, they fall into the trap of becoming a very busy and poorly paid employee.

1. Think “customer experience” first.

The first thing to realise is that the “product” is far more than the tangible output of your labour. From the way you answer your telephone through to your invoicing policies, your operational framework needs to encompass every moment of every interaction the customer has with your brand.

You shouldn’t even begin thinking about formalising systems and processes until you’re absolutely crystal clear on what great customer experience looks like for your business.

2. Stick to your core competencies.

This is a particular challenge for small businesses, who have limited resources and yet want to say yes to every opportunity; a sure-fire way of delivering endless mediocrity.

For some companies, their core competency may be just one thing. These are the lucky ones, as it gives clarity and focus to their operations. However, unless you're in an ultra-niche or newly emerging market, you'll probably find that doing just one thing is unlikely to give you a distinct position. Instead, you may have to marry two or three competencies, the combination of which will offer tremendous value to your audience.

3. Are you building a McDonald's or a Google?

For some companies, operational excellence is about rigid processes and rules. They have precise models to follow and any deviation is penalised.

McDonald's is, of course, the epitome of this, with detailed processes to follow that ensure every McDonald's on the planet delivers a consistent experience to the customer.

For others, this level of micro-management would be hugely counterproductive. The majority of Google's revenue comes from Adwords, and the story of how it came to be so successful gives great insight into their operational culture.

In 2002, Larry Page became frustrated when looking for details about a bike called a "Kawasaki H1B". While doing his Google search, he was shown ads for lawyers who could help immigrants get an American visa called an "H1-B," but received nothing on the bike. Frustrated, he printed the pages and posted it on the whiteboard in Google's kitchen, with the text "This ad sucks! ". A team of engineers saw this on a Friday and even though they weren't officially responsible for ads, they believed they could find a solution, and by Monday they had. The team proposed a new formula that took account of a page's relevance rather than simply its budget. The basis of this formula still exists today, and has effectively funded the growth of the company and all of the innovations it's become famous for.

4. Nail it before you scale it.

There is often a misguided notion in business that if a company can just get bigger and sell more stuff, all of its other problems will float away. However, any attempt to scale a business that has flaws in its operations will simply add fuel to the fire.

Before worrying about how you scale, you first need to ensure that you have the systems, processes and culture in place to consistently deliver the ideal customer experience in a way that makes you money. If you can't do those things at a small scale, don't try to do them at a larger scale - the problems will grow far faster than the benefits!

(The one possible exception to this is if you are building a digital platform where scale is itself often key to the user experience. For example, social media networks don't work if there aren't lots of people to connect with, and search engines don't work if you don't have lots of content to return for any given search query).

5. Successful change management.

We touched on the importance of effective change management in pillar 4, and while it's crucial in innovation, it's equally important for endlessly nimble operations in today's rapidly changing world. A company whose systems and processes stand still is sure to find itself out of touch with the customer before they know it.

The challenge of such an ongoing evolution is not to be underestimated. It doesn't matter whether you're a team of five or a global behemoth, people don't like change. So any transformation programme, no matter what scale, needs to begin with the fundamentals of change management...

Paint a vision

People need to understand why the change is happening and how it will benefit them and the customer. Where are they going to end up and why is it worth the short term pain?

Start with the early adopters

Identify an enthusiastic nucleus and prove the benefits of the change there, then watch as the rest of the organisation forms an orderly queue.

Consult, consult, consult

While effective change rarely happens via committee, people do need to feel like their thoughts and concerns have been heard.

Create an open environment for feedback

As operational systems change, mistakes will be made. The key is to ensure there is an environment where honest feedback is encouraged.

6. Understand what great project management looks like in your organisation.

Whether or not their job title contains these two words, every company depends on the actions of great project managers. People who organise, drive action, manage quality, route information and hold others to account.

Depending on the size and nature of the organisation, the formality of such roles and methodologies they employ (lean, agile, waterfall, etc) will vary hugely, so you need to know what good project management looks like for your business, and ensure every team possesses at least one of these operational rockstars.

7. Build a culture of execution.

As Stephen Kelly, former CEO of Sage Accountancy Software and COO of the UK Government once said, “A class execution and B class strategy beats A class strategy and B class execution every day of the week.”

A culture of execution requires several things. First of all, you need to loosen up on strategy development and tighten up on strategy implementation. Not only does perfect not exist, but also strategy should be malleable. So, get the strategy 80% right and then commit every remaining minute available on getting things done.

Secondly, you need to stay focused. The single most effective way of increasing the time a company has available is to reduce the number of things it is trying to achieve, so be clear on your core objectives and ensure every strategic meeting and memo focuses on these topics. Everything else is AOB.

Finally - as well as recognising innovation, it is as important to reward those who get things done as well. Ideation and execution are an awesome combination.

Pillar 7
Finance & legal.

Interview with Duncan Bye, Associate Director of Wilson Partners

‘Dunc’ in his words ‘has been part of this fantastic team since 2011’. He works with a number of our key clients, working on strategy, profit extraction and succession planning with a clear focus on strategy and cashflow management.

"My real passion is working with owner-managers in order to build not only a better business, but a better lifestyle. By documenting their business and personal goals, I'm able to assist with creating an action plan and holding them to account, whilst most importantly, having fun along the way."

Duncan Bye
Director of Wilson Partners

What are the most common mistakes you see companies making with their financial strategies?

“The first mistake is that a lot of companies don’t have a financial strategy! It’s so important for business owners to ask themselves why they set up the company in the first place, where they want the business to go and how they’re going to make that happen, yet so often this doesn’t exist.

“The second most common mistake is a lack of regular management reporting. A lot of businesses, even up to a significant size, will have no ea what their finances look like. A big misconception is that if you’ve got cash in the bank then you’re okay - but it doesn’t necessarily mean that at all. Especially for businesses running on a cash basis, it’s impossible to tell what your reserves and profits are if your financials aren’t up to date.”

“The third most common mistake is little to no forward planning. COVID-19 has been extremely eye opening for business owners. Understanding what liabilities are building up throughout the year and where they might be in the next 9-12 months is absolutely crucial. Corporation tax, for example, catches a lot of businesses out: if money hasn’t been ring-fenced then gathering the cash when payment day arrives can be a huge issue.”

There is a temptation during times like these to secure cheap debt. What are some of the things a business should consider before making that decision?

“The most important things to ask yourself are:

- Why are you taking it?
- What will it be spent on?
- What is the real cost of the debt?

The answer to the first question will give you a good understanding of whether or not you really need it: Has there been an unforeseen event? Are you expanding? Will it facilitate certain investments that make you more profitable in the long term?

And what specifically will the money be spent on? Is it likely to be payroll? Equipment? HMRC debt? Identifying what you’ll actually be spending the money on will ensure you don’t end up borrowing more than you really need.”

"Finally, let's be clear, free debt doesn't exist, certainly not long term. Some debt products, specifically the CBILS or Bounce Back loans backed by the Government are in fact 0% interest, albeit only for the first 12 months. After this period, depending on the lender and their risk profile, the interest rate can jump significantly. Another thing to look out for is the early repayment charges. These are often hidden in the small print and can be extremely expensive, leading to poor business decisions in the longer term and an expensive way of funding projects. This could impact not only the business's margin, but more importantly the ability to continue to invest money in key areas such as staff development, technology and delivery."

"The key here is to be aware of the terms of the borrowing to understand the real cost of the debt."

What would you say are the top three credit control measures for securing cash flow?

“Being completely transparent with your clients about payment terms and what’s expected from the get go can be one of the most effective ways of managing cash flow. Even better, businesses who charge monthly should set clients up on direct debit. It means less work chasing debt and is a good indication as to whether your objectives are aligned with theirs: if a prospective client doesn’t want to be set up on direct debit, they’re basically telling you that they’re not willing to pay your invoices within the agreed terms.

The second is something everyone can be guilty of, and that’s getting invoices out when work has been done - or ideally before! Lagging invoices can be really disruptive to cash flow. Depending on your client’s invoice run, sending invoices mid-month as opposed to the end could be the difference between collecting cash within 15 days or having to wait months. Monitoring the number of bad debts and credit notes will also give you a good indication of operational services or product quality of the client that may impact cash collection.”

“Lastly, ensuring that you are aware of outstanding invoices and that there is a process to recover them. It’s so easy to raise an invoice and assume someone else is going to chase it, so a conversation should be had about roles as individuals, as managers, as directors etc, to ensure that someone is accountable for staying on top of those debts. Without a debt recovery process, unpaid invoices can be missed and fall deeper into the overdue column which causes two problems: one is the additional work involved, and two is not recognising that customers may be experiencing financial stress. Identifying this early on, reaching out and establishing a payment plan could result in collection of the debt in full before the situation gets out of hand.

In all instances there are software solutions that can be implemented to assist with debt collection and streamline/automate some of these processes, making it easier than ever to secure and maintain cash flow.”

What are the top three financial metrics you recommend companies track, and how frequently should they do so?

"Revenue would absolutely be number one: where is it against goals and expectations? Is there a trend? Is it increasing or decreasing? Is it sustainable? But tracking revenue as a KPI doesn't mean anything if you look at one month in isolation. It's about looking at the big picture and understanding a comparable data set, not just seeing a number on a page. I'd be looking at that every month, if not more frequently.

Secondly would be gross profit, which is often underestimated, particularly in service businesses. Having a gross profit target and understanding what it means for your business is really key to ensure you're financially resilient.

And finally, tracking net profit so that you understand exactly what you have available for extraction or reinvestment."

"I would caveat this all by saying the one crucial thing to understand is your cash. '**Cash is king**'! You could be making all the profit in the world, but if you aren't on top of collecting money from clients and financing it properly, you'll struggle."

Tech startups are increasingly using non-financial metrics as key performance indicators. As an accountant, what are your feelings on that approach?

"I've seen it be extremely effective in encouraging teams to work in a certain way, whether that's a focus on client retention or customer satisfaction. It depends on the sector you're in, but ultimately if customers are happy they tend to buy more and refer more, so I do see the value.

Does this kind of non-financial metric replace all the traditional KPI's? Absolutely not. Someone still needs a tight grip on all financials or you may not have a business to monitor for very long!

Ultimately, the two things aren't mutually exclusive. From my experience the most progressive and switched-on organisations take both equally seriously."

Increasingly companies, particularly start-ups, are applying the Silicon Valley philosophy of optimising for growth over profit extraction, even in traditional sectors. What are your thoughts on this?

"If you're extracting profits at an aggressive rate then you are forgoing investment in the business and your position in the market may start to suffer over time. Inflation alone will erode away at the value and profitability of the business, so a minimum of a 3-5% growth year on year is essential just to stand still.

But growth for growth's sake can also be a dangerous place to be. If you grow the topline significantly but fail to maintain profitability or deplete your cash reserves, then you're building on extremely fragile foundations. It's so important to have a plan around how you're going to finance the growth and the timescales involved.

It's going to sound like I'm sitting on the fence but I do genuinely believe it's down to the business's growth ambition and appetite or risk."

COVID-19 has delivered a tough lesson for many business owners. What would you say are the most important legal documents for business owners to have in place to protect themselves, their businesses and their employees?

“A Contract of Employment that’s kept up to date for every single employee is so important. Legislation is changing all the time and businesses must keep on top of these changes. Since the Coronavirus Job Retention Scheme came into effect, we’ve seen a lot of clients worry about whether their employees’ contracts enable them to place them on furlough, and in these instances it’s crucial to have that document to refer back to.

“Whatever scenario happens in the future, employees and the business are protected, everyone knows where they stand and the information is black and white.”

“Contracts with your clients are equally important. We discussed earlier the importance of communicating expectations and payment terms, but what happens if they don’t sign the Terms of Agreement? Are you still engaged to do that work? A written contract expanding on these points will further protect the business should there be any issues around receiving payment from clients. Unfortunately, a cheap online engagement letter replica isn’t sufficient, and while it’s not up to us as accountants to give legal advice, we do regularly point our clients towards appropriate legal guidance so that we know they have all the fundamentals in place.

A generally overlooked but crucial document is a Shareholders Agreement. In an ideal world you’d never need to use it and everything would be done amicably and above board, but this isn’t an ideal world. Shareholder Agreements provide clarity and protect both the companies and individuals concerned.”

"A business owner should ensure that they have the correct transactional documents when shares are transferred or a transaction has taken place in the business. It can be innocent naivety, but some business owners will go online and search 'How do I transfer shares?' They find a one page document online to sign and that's that. But it's very likely that this document hasn't covered off all of the potential issues that can surround these transactions."

"When business is booming and now worth £10mil, you're going to want to be sure that the previously exited shareholder of 50% signed the appropriate documentation!"

To conclude.

When setting up a business from scratch, the focus is often very much on the product or solution while the strategy sits somewhere in between winning clients and staying afloat.

While survival is not a long term strategy, for many, coupled with sheer grit and determination, it's enough to get them going. Combine this determination with our well-oiled 7 pillars, and you might just make a success of it!

If you enjoy this guide or have anything to add, we'd love to hear your feedback.

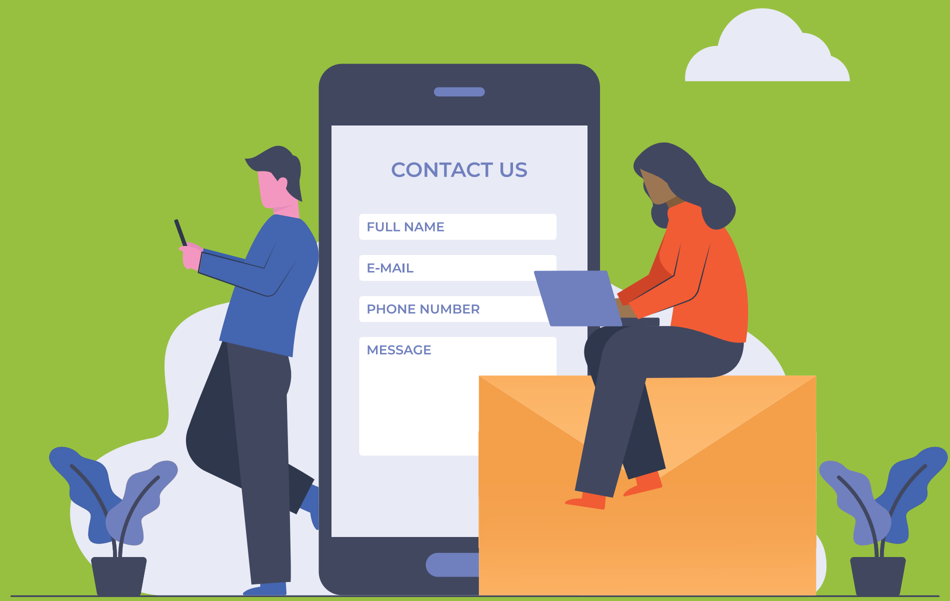
The very best of luck in all your future ventures.

Get in touch.

Let's catch up.

01628 770 770

info@wilson-partners.co.uk



thinking business.

BY WILSON PARTNERS

Maidenhead
TOR
Saint-Cloud Way
Maidenhead
Berkshire
SL6 8BN

01628 770 770

Cambridge
Windsor House
Station Court
Station Road
Great Shelford
Cambridge
CB22 5NE

01223 849 099

Sevenoaks
1st Floor
One Suffolk Way
Sevenoaks
Kent
TN13 1YL

01732 468670

info@wilson-partners.co.uk
wilson-partners.co.uk

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