



7 Strategies to Convert Revenue Growth into Net Cashflow | E-BOOK

Funding Growth and 6 Other Key Strategies

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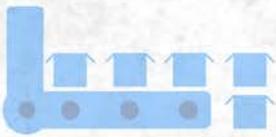
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Foreword

7 growth principles that apply to deliver revenue increases from \$5m to \$10m plus

Strategies that may boost a sub \$1m business may tear apart those with revenues \$5m and above. I would like to share my distilled observations from the last 14 years on what it takes to grow a business within the revenue stages I specialise and work with – i.e. 5m to \$10m revenue businesses.

These distilled observations explain what the seminal success factors are, and a summary of pitfalls to avoid.

I'm privileged to work with business owners and help them generate highly significant and at times life changing improvements to their business and family / personal lives.

I hope you find these useful.



1. Funding Growth

- **Business growth requires cash and therefore cashflow.**
 - As you will be well aware, sufficient cash resources are critical to enable you to grow your business sustainably. Cashflow is the number 1 enabler of business growth (if you have enough) or the number 1 block to business growth (if you don't have enough).
- **Cash comes from the following sources:**
 - Cash funds that you have access to – either personally or via family.
 - Funds retained in your business from after – tax business cashflow.
 - Funding from banks, or similar 1st tier providers.
 - Funds from equity sale or sell down – either from current shareholders, or additional / new shareholders.

- **Identification of which sources are best for you and your business:**

- Looking at the 4 possible sources of cash as above:

- **Source 1 - Cash funds that you have access to – either personally or via family.**

- This cash has been either saved from tax paid income, gifted, or inherited. The decision to use some or all of this cash is both personal, but also its use should be considered against other forms of funding, if the personal risk profile of yourself, your life partner or relevant members of your family is low and therefore risk averse. What is the level of cash safety net that you need?

- Also, as with all sources of cash, the use of this cash needs to be balanced against the return on your equity that can be generated by using this cash to grow your business.

- **Source 2 - Funds retained in your business from after – tax business cashflow:**

- This cash has been generated directly from your business interests.

- Using this cash for business growth is therefore the simplest alternative, assuming that your need for dividends of cash withdrawal can be delayed.

- This option is often not available for growth businesses, because every cent generated from cashflow is needed to maintain working capital in the business.

- **Source 3 - Funding from banks, or similar 1st tier providers:**

- There is often emotional or knowledge blocks to access bank funding, as follows:

- The agenda of any bank is simple, and unchanged:

1. The bank must be prepared to take on the risk of lending to your business.

2. The bank must clearly see a path to both have the interest, and the loan principal repaid.

3. The bank simply wants interest and principal on your loan repaid, as per the terms of the loan.

4. The after tax cost of borrowing from a bank should be much less than the after tax return on your capital resulting from the business growth this bank funding generates.

5. Critically, three points:

- i. To access bank funding, you will need specialist professional help to create, understand and learn the use of a forecast the performance of your business in terms that the bank is prepared to accept.

- ii. As you build trust with your bank, and in particular build evidence of being an excellent customer and credit risk, the bank will be more and more willing to lend you funds.

iii. The ultimate position of power and control that can reach with a bank is to have unused, available bank funding facilities, that you can drawdown at any time to fund business growth, plant, IT or opportunities to acquire business assets or other businesses. Cash is king, and on demand cash via unused bank facilities gives you access to instant cash, on demand. I work with many of my clients to achieve this aim.

• Source 4 - Funds from equity sale or sell down – either from current shareholders, or additional / new shareholders:

- Equity is another source of funding.
- With Equity comes an agenda, which is seen, understood, consistent and helpful, or unseen, not clearly understood, inconsistent and unhelpful.
- Somewhere between the two states of the agenda that comes with equity is the situation you will face, and have to learn to live with.
- When comparing equity funding Versus bank funding:
 1. You may in the short term have the choice of only one, and not both.
 2. You will only know the true agenda that comes with equity over time. Even a trusted equity provider may change their agenda, or have it changed for them by life and/or business events beyond their control.
 3. The agenda of banks does not change – i.e. borrow funds, and repay the debt and the interest within the terms of the loan.

4. At the same time banks can be fair weather friends, and be driven by offshore principals, and “portfolio balancing” decisions, whereby they decide that even good businesses in “perceived high risk industries” may be less attractive to lend to.

5. Overall, trust, track record and demonstrated performance are everything – and this applies to both debt and equity. A known equity partner may be a sound bet, just as a bank that you have built up trust with and shown the ability of your business to consistently and reliably repay debt.

• **How Do You Access to cash via banks, financial institutions and providers of equity?**

- You must have a business plan.
- You must have a financial forecast.
- You must be able to clearly articulate the value of your business to the marketplace, for both your clients and your prospects.
- You must on the one hand:
 - demonstrate that you are a reliable stream of cash, and also on the other hand:
 - succinctly and clearly be able to articulate your business culture:
 1. how you nurture and develop your people, and;
 2. how you protect and nurture your other business assets, most of all yourself.

- **Monitoring cashflow, and making cash go a long way**

- The key rules of conserving, generating and wisely using cash have not changed over the last 40 years, and will not change. These key rules are:

- **Invoice and collect promptly:**

1. Invoicing - the number 1 rule regarding cash management is “whoever invoices first is paid first”. Naturally you must invoice as per your terms of trade, but always invoice as soon as you can.

2. Collections – a routine to review all debtors, categorise into aged columns, and then follow up all debtors that are overdue is critical.

- **Forecast cashflow, compare actual with forecast performance regularly, and identify and correct root causes of both success and failure:**

1. Identify the root causes of success, analyse the precise factors, and do more of whatever these factors are.

2. Identify the root causes of failure, analyse the precise factors, and do less of whatever these factors are.

3. Establish a routine and cadence, either weekly or monthly.

4. Embed these practices in your business, and also in your managers, and all of your people.

• **Actions regarding Funding Growth that I have worked on and continue to work on with current and past clients:**

• **Improving Cashflow**

• Virtually all of my past and current clients both needed to, and can improve cashflow, and do improve cashflow, as we work together.

• While the key action elements of improving cashflow are relatively simple, the art is connecting these elements across the whole business, to deliver the result that is needed:

1. That is, extracting every dollar of cash from the business;

2. While maintaining excellent customer and supplier relationships;

3. And therefore creating the maximum amount of precious cashflow and cash within the business, to use as working capital.

• **Creating and Maintaining a Financial forecast, and related Cash Management disciplines**

• The first step in my work with clients is to explain precisely both the benefit of financial forecast to the business, what actions are needed to create the financial forecast, and identify and assemble the sources of information that are needed to create a financial forecast.

• I will then work with the relevant people within my clients business to:

1. Either build the forecast myself and then train the financial resources within the business to operate the forecast, or;

2. If the right level of financial resources do not exist within the business, then either help my client to recruit or access them, or create and run the forecast myself for my client. Both tactics have proved effective over the years, depending upon the needs and circumstances of my client.

- **Creating a clear and easily understood bridge between the value of the business, and the Financial Forecast**

- For a financial forecast to be of maximum use, both my client, and my client's key people need to understand the financial forecast, but in a commercial sense, not necessarily a financial sense.
- I work with my clients to move away from a mindset of "financial forecasts are only for financial people", to a mindset of "everyone in the business contributes by their roles and actions to the generation of positive cashflow, and working capital".
- I always find that once the bridge is built, and the jump is made from "financial people only" to "this is a key business tool for the whole business", then there is a quantum leap in both the success of the financial forecast, and also the amount of positive cashflow and working capital that is generated.

- **Accessing Equity**

- When either a client has achieved the maximum amount of cashflow and working capital, or if a client needs to attract an Equity partner or shareholder within their business, I have and continue to work with a number of clients to assist them to attract Equity.
- The attraction of Equity work that I do for clients falls into the following categories:
 1. A party known to my client has Equity, or may have access to Equity, and my client wishes me to either play the role of matchmaker, or the role of detective to flush out the true intentions and agenda of the party, to enable my client to determine the best course of actions.

2. A client may need Equity, but does not have either the skills or contacts to either source Equity, or present their business to an Equity player in the best possible factual light. In this case, I will use my banking, commercial and financial networks to source this Equity, while often creating a financial forecast for this specific Equity requirement.

- Creation of tax efficient Structures to ensure that the maximum legally allowed amount of positive cashflow generated stays within the business as working capital

- I have within my network trusted providers of the specialist professional taxation and entity structuring services to enable my clients to both:

1. Legally minimise their tax, and also:

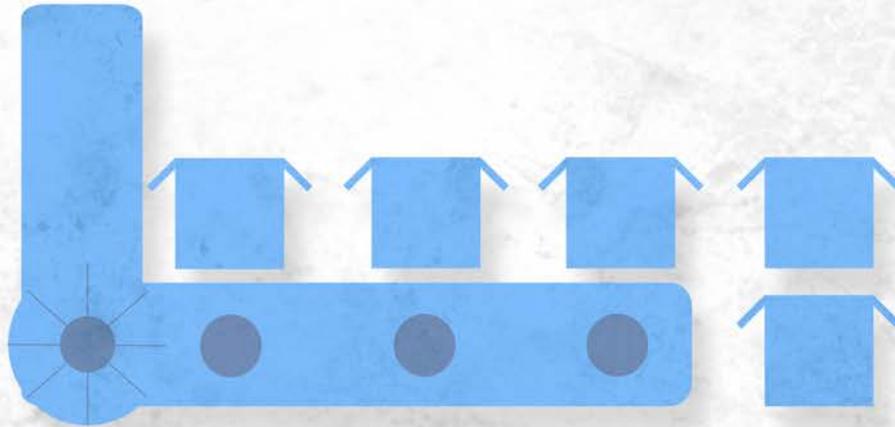
2. Structure their entities so that their business and personal assets are both protected, and enhanced, with very clear boundaries between business and personal components.

- I find that this work with my clients ensures that their hard won] assets are maximised, so that my clients:

1. Achieve clear, common sense, efficient entities, so that:

2. They can concentrate on using their skills to build both their business, and also:

3. Their commercial and financial strength and assets.



2. Invest in the Four Key Productive Assets within your business:

- **Your First Key Productive Asset - Your People;**
- We all know, or should know, that people are both the soul of your business, and also are pivotal to the operation and optimal operation of your business.
 - **The keys to think about are:**
 - How can you capture hearts and minds, not just minds of your people?
 - Your people of holding back at least 20% of their potential performance, either voluntarily, or involuntarily. Why?
 1. To keep “something is reserve”, as a personal, or team protective mechanism.

2. Because your people know that change is always coming, and due to fear, they know that they will have to respond, and therefore need a reserve to be able to respond.

3. The drivers of points 1 and 2 above are:

i. Fear of the unknown, which leads to change being seen as a threat.

ii. Fear of change itself, which people identify as painful and difficult, and the exact opposite of comfort and security.

• You need to hold the key of “meaning” for your business. By this, you need to utilise the respect that your people have for you, to:

1. Explain why upcoming changes are needed;

2. Explain the benefit to each of your people of adopting the change, living with it, and seeing it through;

3. If there is no personal short term direct positive benefit to your people arising from the change, then explain need for this change, and how this will personally benefit your people in the medium or longer term.

• **Your business will only develop and optimise when:**

1. Your people respect you, who you are, what you stand for, and most importantly how you look after them.

2. By looking after your people, in particular when they go through tough times (either personally or within their family), you will receive back many times over the respect, gratitude and performance from your people, including a greater willingness to embrace change.

3. When you set the example to your people, hold them accountable personally for their performance, and their role within their team, and the business.

4. When you weed out phoney's, toxic people, and those people who wish to make their own shortcomings everybody else's problem within your business.

i. If you have any such people, they have no place in your business.

ii. Set the example, and exit them from your business, using due process, and complying with HR law.

• **Your Second Key Productive Asset – Personal Learning;**

• Only when you look after yourself, can you look after others:

• You can take no more effective action than investing in yourself – mind, body and spirit, as follows:

1. Pay attention to the three pillars of health and resilience – Diet, Rest and Relaxation, and Exercise.

2. Make the time to find a space for yourself:

i. Breaks, and micro – breaks (I coach how to build micro breaks into the lives of my business clients) keep you both engaged, and protected.

3. Follow the overarching rule of a person who is well adjusted and functional – have:

- i. Someone to Love;
- ii. Something to Do;
- iii. Something to Look Forward to.

• **Your Third Key Productive Asset - IP (Intellectual Property):**

- IP is often shoved to the back of the queue when it comes to both the attention and investment provided by business owners.
- Time and again when a business is sold, between 25% and 50% of the value of that business (sometimes more, and only occasionally less) is made up of both IP value and brand value.
 - The protection, commercialisation and development of the value of IP in your business are therefore critical.
 - I spend a significant portion of my time with clients identifying IP, protecting it and enhancing it, via access to experts within my network who work in the IP space as a profession.
- If you are unsure of the value of your IP, and at all worried about the steps you have taken to date to protect and enhance the IP within your head, and within your business, then this is a key opportunity to grasp and resolve. I often help my clients address this space.

• **Your Fourth Key Productive Asset - Your Brand:**

• **Your Business Brand**

- Are you Proud of your Brand?
- What does your Brand stand for?
- Be able to describe both your Brand Values, your Business Values, and be able to relate both Values, either at length, or in a 30 second summary.
- When you can do this, you will attract better quality people, gain more business, overcome competitors, and give yourself the best possible opportunity to build and retain Business Value.

• **Building Your Business Brand**

- Your Brand must:
 1. Be more than You – i.e. Greater than You, and also driven by more people than you.....the more people, the better.
 2. Be backed up by systems and processes that enhance the value of your brand, by delivering excellent customer service, consistently.
 3. Be difficult to exactly duplicate – even in the most contested market, you must understand and believe that your Brand is unique, and that competitors may be high quality, but they cannot overpower your Brand.

• Valuing Your Brand

1. Valuing your Brand requires access to specialist advice; which I provide to my clients from within my network.
2. The Valuation of your brand needs to be supported by Financial Forecasts and Market research, which will be part of the starting point of a Brand valuation exercise.
3. The Value of Your Brand must sit on your Balance Sheet, at minimum as Goodwill, which is an Intangible Asset of your business.

• Protecting Your Brand and Your IP:

- Your Brand and IP are only as strong as your ability to protect them:

1. Any attempt to pass off another brand as your brand must be called out, addressed, and resolved. This requires specialist professional advice, which I have access to within my network.
2. Any attempt to copy your IP, or pass off similar IP as your IP must also be addressed, and resolved, either by:
 - i. Keeping ahead of the market and innovating so that your competition cannot easily compete with your updated and commercialised IP;
 - ii. Taking legal or commercial steps to protect your IP, or, if you determine that this is not practical or affordable, take your IP and either enhance it, or use it in different markets or market segments.

• **These Four Assets are the primary drivers of both business value, and improved business value, as detailed above:**

1. Your People

2. Your Learning

3. Your IP

4. Your Brand.

• **Actions regarding these Four Key Productive Assets that I have worked on and continue to work on with current and past clients:**

• **People**

• For many, if not most of my clients, I advise them on the best ways to both improve the motivation and focus of their teams, as well as listening and unpacking with my clients their current thinking and practice regarding the motivation of their people, and their thinking frameworks and experiences to date.

• I find it very satisfying to help my clients improve the levels of engagement of their teams, and to see the positive business results that are achieved.

• Learning

- This is a fascinating area.
- I mostly find in my client work, that carefully listening to my clients, and getting to know them produces a number of ways and actions that can be taken to both provide learning access to the people in my client's business, and also to my clients themselves.
- We live in both the age of information, and also the age of information overload.
- What I find that my clients most want is both a sounding board to help them unpack where they are currently at, ***and most of all Quality sources of pithy, reliable, learning that has stood the test of time.***
- The reality is that very little knowledge in a business and commercial sense is new – details come and go, but an active mind, and my clients having the interest and energy to learn are key focus areas. Clearing the operational decks of distractions for my clients must occur before opportunities for them, and their people truly emerge.

• IP – Intellectual Property

- The key focus of my client work in the IP space is:
 1. To actually identify the IP that is valuable.
 2. To ascertain how well technically developed, and commercialised the IP is.

3. Use my own skills and experience, and also specialist professional contacts within my network to take this IP, and:

i. Protect their IP.

ii. Scale their IP – i.e. commercialise it.

iii. Deliver commercial value and cashflow to my client from their IP.

- **Brand**

- The key focus of my client work in the brand space is:

- 1. To actually identify where my clients Brand sits in the marketplace, and how well this Brand is working for my client.

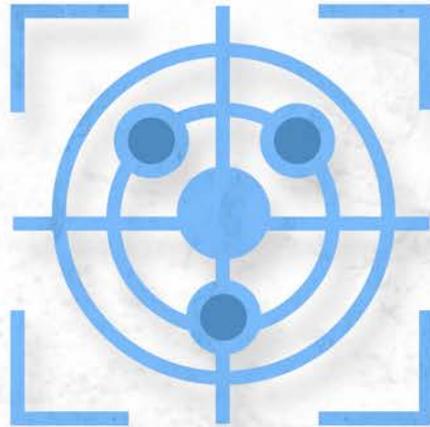
- 2. To ascertain how well technically developed, and commercialised my client's Brand actually is.

- 3. Use my own skills and experience, and also specialist professional contacts within my network to take this Brand, and:

- i. Protect their Brand.

- ii. Scale and Enhance their Brand – i.e. commercialise it.

- Deliver commercial value and cashflow to my client from their Brand.



3. Building Business Capability and Focus

- **Identifying current business capabilities:**

- Consider carefully your current business capabilities. What is your business excellent and/or very good at? Identify these areas. Possible areas of strength or comparative strength is usually:

- o Technical competencies of people within the business;

- o The ability to gain the long term confidence of 3-4 key groups of clients;

- o Operational excellence;

- The ability to execute – i.e. get things done, on time, to spec, and repeat that execution under stress;

- o The ability to identify market niches, and use market share knowledge for commercial gain. If this is strength in your business, then you have a true market edge, and you must nurture that capability at all costs.

- o A strong brand and brand awareness, built up over 20+ years – i.e.:

- A strong Balance Sheet, built up by delayed satisfaction – i.e. the retention of tax paid profits within the business, for the purposes of investment in business capability and business growth.

- If this is strength in your business, then you have many options to grow and at the same time become over more efficient, and deliver sustainable growth and profits over time.

- **Identification of current areas of focus:**

- The best way to identify areas of focus within your business is to:

- o Identify your current business capabilities, as per point 2.a. above;

- o Identify clearly both your current business goals, and also your goals as a business owner, and then:

- o As below, identify and map the gaps in your business capabilities, being the gap between your current business capabilities, and the business capabilities you need, and are going to need.

- o A significant part of my work with clients is in this area.

o You can have the best funding, the best brand, and the best execution, but without a process to continually identify and map your gaps in business capability, you will not realise the true potential of your business, and achieve the personal and team goals that you desire.

• **Identification and Mapping of gaps in business capabilities and focus:**

• This process is the single most important task that you can ensure operates effectively, regularly and successfully.

• Every single excellent or exceptional business that I have ever seen, known about, and worked with complete this task effectively, regularly and successfully. Ask yourself right now if you do this. If not, start doing it.

• And so how do you how do you successfully map the gaps in business capability and focus within your business:

• **Firstly, eliminate all Excess Ego:**

• You simply cannot as leader of your business allow either your own ego, or the ego of your key people to get in the way of this process. Pride comes before a fall in business, it really does.

• **Secondly, take time to reflect, consult, and then act:**

- You will not make sound judgements regarding the current gaps in your business capabilities unless you:
 - Identify the gaps;
 - Test the gaps that you have found – are they really there, and if they are, are they truly small, large, or somewhere in between.
 - How important are these gaps, to both the current state of your business, the near term future of your business, and the foreseeable future of your business?
 - Decide and reconnect as to the real reasons that you are in business for. Are these gaps symptomatic of fixes you need within your business, or are these gaps indicators that you are partially or completely in the wrong business, or that the market has simply moved past your business, and your business has failed to keep up and is therefore starting to become irrelevant?
 - Having arrived at your view of the gaps in your business capabilities, arrange a session with your key people. A dedicated full day session with them, free of operational interruption. Too hard to organise? Right there is a key gap in your business capability.
 - Carefully structure the day with your key people, give them your view of current state, allow them to come to the day prepared, tell them that you expect them to come to the day with solutions to the problems that they see.
 - After this day with your key people, incorporate their views into your views.....
 - **AND THEN LEAD. ONLY YOU CAN LEAD.** The wife and co-owner of one of my client businesses said to me recently: “Murray, as my Mother said to me “If you are not in charge of your Family, what are you In Charge of?” **YOU MUST LEAD.**

• **Actions regarding Building Business Capability and Focus that I have worked on and continue to work on with current and past clients:**

• **Identifying Business Capabilities**

- One of the first steps I take with clients is firstly to identify the current state of business capabilities, and discuss, analyse, and agree the improvements that are needed, from which results a gap analysis of the improvement in business capabilities that will be achieved to meet agreed objectives that I've agreed with clients.
- The second step is to work with my clients, and together, complete and actions and investments needed to close the gap in business capability, so that my client's business is battle ready to either overcome or overtake the competition faced by the business. In some cases, closing this gap takes months, but in most cases to truly close this gap, and ensure that this gap remains closed takes one to two years.
- The third step is to ensure that the business capability gap remains closed, against the many changes that all business are either addressing, or concurrently address – i.e.:
 1. Raising of standards and barriers to further progress by either the market, the marketplace, and competitors – often all at the same time.
 2. A very wise client of mine has two sayings:
 - i. “Nothing Lasts”;
 - ii. “Without the Facts, You are Just an Opinion”.
 - iii. There is classical wisdom within both of these sayings. I help my client live these sayings, and using them to overcome barriers to success and/or further success.

- This clip explains a key component of business success that I spend significant time on with my best clients, which both address the areas detailed above – i.e.:

- o **Identification of current areas of focus;**

- o **Identification and Mapping of gaps in business capabilities and focus;**

- o **Elimination of all Excess Ego;**

- o **Take the time to Reflect, Consult, and then Act;**

- o In summary, Control as a Leader of the Mind and Emotions, Courage, Commitment, Humility and Empathy:

- <https://www.youtube.com/watch?v=CiNSZCiCtuM>



4. Measurement and KPI's

- **Define and Measure what it is critical, and important:**
 - You need 2-3 KPI's per team within your business, to underpin:
 - The financial and operational KPI's for your business.
 - I have either created, or enhanced a KPI pack for every business that I've worked with for the last 15 years +.
 - The creation of KPI's and the systematic review of the actual KPI's, measure against a forecast, or budget (or both), is a cornerstone of a well performing business.

- **Succinct KPI's must relate to all key aspects of the business:**

- Ensure that each area and/or team within the business needs 2-3 KPI's.
- All teams should see and understand the purpose of the KPI's both for their teams, and also every team within the business.

- **Review KPI's monthly – in detail at an owner level, and in summary at a team level, per team.**

- Review any underperforming KPI's, identify the root cause of any adverse performance, and eliminate or at least minimise the adverse performance root causes that are slowing down and hampering your business.
- Review any over performing KPI's, identify the root cause of any favourable performance, and maximise the favourable performance root causes that are underpinning and helping your business to grow.

- **KPI review and actions as a critical part of the business**

- The best KPI's are nothing, unless:
 - As per the point above, the monthly review of both the KPI's themselves, and also the actual KPI's is critical, to allow:
 1. Communication across the business of KPI's, so that any underlying tensions or team tensions can be discussed, addressed, and therefore not allowed to remain and fester within your business.
 2. The satisfaction that people within the business receive comes from:

- i. Knowing their KPI's for both the month, and also the overall KPI trends within and across the business;
- ii. Formation of a competitive element to daily business life, which allows people within your business to:
 1. Compare their KPI performance with other teams within the business.
 2. Become the basis of benchmark comparisons with other similar business, particularly competitive KPI data from competitors, and/or industry best practice KPI performance standards.

• *Actions regarding Measurement and KPI's that I have worked on and continue to work on with current and past clients:*

• Defining and Measuring what it is critical, and important:

- I spend significant time with clients discussing, defining and helping them build, KPI Dashboards, to support them achieve:

1. Clarity:

- i. Successful businesses examine, determine and agree on what is most important to be clear on within the business, per team, per person, and overall.

2. Visibility:

- i. Excellent clarity is of little use if that not clarity is not visible, in the right format, to the right people, at the right time.
- ii. The key is to have each team, or each of the key people in your business, and their teams (if they have a team) both discuss, think about, and agree the best method to make the data available; where, when and how.

3. An Ongoing Conversation:

i. Many businesses have long since tired of meetings. Meetings are useful, but only when clarity and visibility has been addressed, and is working well.

ii. As a stepping stone, use short, regular gatherings, for a clear purpose, with a clear goal, and with the analysis tools present to enable the goal to be defined, discussed and achieved.

• Succinct KPI's must relate to all key aspects of the business:

- KPI's are about the execution of Strategy. KPI's are therefore either tactical, or operational.
- KPI's must cover the business operations, production, warehousing, delivery, sales, marketing, financial, and people aspects of your business.
- Have 1-2 KPI's for each of these areas.
- Have each area report their KPI's on a regular basis, and then create an overall KPI dashboard for your business.

• Review KPI's monthly – in detail at an owner level, and in summary at a team level, per team.

- It is essential to review actual KPI's monthly, and compare these actuals against your planned KPI levels.
- This monthly KPI review holds yourself and your people accountable for either improving or maintaining your KPI's to their planned level.

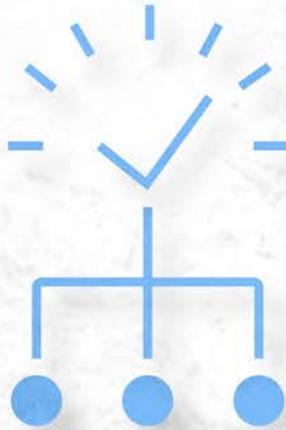
- Having this monthly KPI review is the difference between analysis and achievement. I have seen, and continue to see my clients improve their business in ways they often did not foresee, and achieve business goals that they considered either difficult, or virtually impossible.

- **KPI review and actions as a critical part of the business**

- As per the points above, it is less about the KPI's themselves, and much more about the learning journey which allows KPI's to be achieved, and at times exceeded.

- KPI analyse is not new, and is rooted within the LEAN and quality methodologies, which have been practice since the days of Henry Ford, and in some cases before that.

- KPI's work, and will work for your business, as long as they are implemented correctly.



5. Culture and Strategy

• Consistency

- The single most important element of the culture of your business is that as Leader of your business, you must demonstrate consistency regarding:
 - Your Business Strategy
 - The Expectations you have of Your People
 - The Values of Your Business
 - The Overall Value Proposition of your Business to your Customers and Prospects
- Only when you demonstrate consistency can you then allow your people to both follow your Lead, develop themselves, and deliver their best, sustainably.

- Inconsistency is the cancer of business – it robs the people within the business of their direction, motivation and purpose. Be consistent.

• **Transparency**

- Your people expect the truth – i.e. the good, the bad, and the ugly.
- Transparency allows team spirit to be fostered, developed and nurtured.
- Businesses that are consistently and transparently lead outperform businesses that are not.
- As Leader of your business, you must the fear and doubt of what to share with your teams, and your people. I spend quite a lot of time helping my client business Leaders come to grips both with what to share, when to share it, and how to share.
- Leaders who are Consistent and Transparent lay the foundation of a strong business culture, from which both Strategy and Execution of Strategy can thrive.

• **Accountability**

- Accountability is a must in business, for yourself, for your teams.
- If you do not hold both yourself, and your people visibly accountable, then how can you ask, insist, set standards, and live the Strategy, Execution necessary to succeed in business now and into the future sustainably?

- People need to know:
 - Where they stand;
 - What expectations you have of them, the business, and yourself;
 - What you stand for as Leader, their also what their role stands for, to be able to both support and develop themselves, and play their part within the business to ensure that the business moves forward as quickly and positively as possible.

- **Mutual support**

- Each person within your business needs to support each other, especially when times are tough for a person within the business.
- I constantly see in the businesses or both my clients and prospects, that:
 - Only when Consistency. Transparency and Accountability are Embedded within the Culture and Leadership of a business;
 - Will mutual support be both possible, and also be a realistic and positive option for your people to practice and live each day.
 - And so mutual support with each person of your business, and particularly within each team within your business, which is a vital component of quality business performance, rests ultimately with yourself, as Leader of your Business.
 - You must Lead and develop Consistency. Transparency and Accountability within your business and then mutual support within your business will be an accepted daily behaviour of all of your people.

• **Actions regarding Culture and Strategy that I have worked on and continue to work on with current and past clients:**

• **Consistency and Transparency**

• These two areas comprise between 50% and 75% of my work with clients in the Culture and Strategy space.

• Many of my clients struggle with **Consistency**, given their view of the constant changes in business environment and competitive pressures. The key area I work on with my clients is selecting exactly what the most important areas are to be consistent about, and then creating with my client tailored actions to communicate the consistent message that teams of Leaders in business crave for, and that truly successful businesses deliver.

• Many of my clients also struggle with **Transparency**, because:

1. They are correctly aware that some financial, commercial and market information is both sensitive, complex, and across their teams, the level of understanding of this factual data will vary to a great degree. The tendency here is to play safe, and share little if anything.

2. An approach that has and does work very well is to:

i. Ensure that year to year, the good, the bad, and the ugly business performance and factual results facts are shared, at summary commercial level.

ii. These results are shared in a way that answers the ongoing number one question that all business leader teams have, which is:

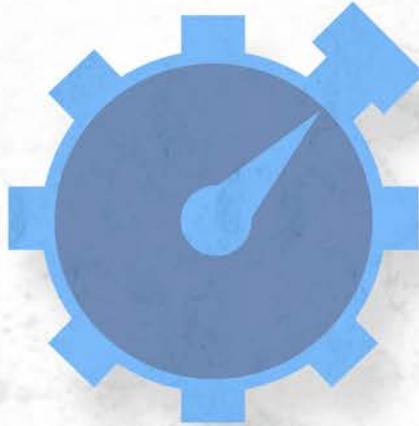
1. What Does this Mean for Me?

- **Accountability**

- The Leader of a Business, and all the members of the Business simply must be accountable for their roles, their results, and delivering on the expected standards of their Leadership and Management.
- If even one member of the business is not held Accountable, when all other members of the business are held accountable, then this business is not living and breathing Accountability,

- **Mutual support**

- A question that I am often asked is “how can I expect my team to offer support to each other, when they are under constant pressure, and they think more about themselves than anyone else?”
- The answer is to align the key drivers in the business with a connection to the hearts of minds of the key people in the business. The details of exactly how this is done is unique to each business, as at its core lies the personality, skills, drives and areas of strength of the leader / s in the business. These details fan out into the business in the same way as dropping a stone into a still pond.
- The last piece is the run towards the “top speed” of the business, which I get to work on with a number of my clients. This involves subtle but critical adjustments to the operation of the business, while nourishing the core values and culture of the business. “Top Speed” varies from time to time, but the “fuel” for this is the quality of Leadership, Communication, Strategy and Execution within the entire business.



6. Execution – getting things done

- **No “Everest Syndrome”**

- I often see the “Everest Syndrome” at work, particularly regarding a less experienced business leader and either a key member or key members of their teams.
- The “Everest Syndrome” works as follows:
 - A team member, or a team, promise to deliver on a goal which is extremely difficult, either due to difficulty, or timeframe, or both.
 - The team member, and/or the team get reasonably close to the goal, but stop trying to achieve it, either when they have become damaged, or it becomes clear that the goal is not achievable.
 - The team member, and / or the team, is “forgiven” by the Leader of the business.

- The issue as to whether the goal was a SMART goal (see below) was not either considered, or realistically assessed.
- In an effort to retain credibility in the eyes of the Leader of the business (or for ego, self-worth, or bloody minded determination reasons, or a mixture of these three factors) the team member, or team, concocts another goal, and so the “Everest Syndrome” starts all over again.
- This is a massive waste of both business resources, talent within the business, and worst of all diverts precious resource away from maintaining and enhancing the market position, competitiveness and profitability of the business.

• **The ways to avoid the “Everest Syndrome” in your business are:**

- Clear expectations and expectations management.
- Recruiting for attitude first, and skills and experience second:

1. KPI’s that are SMART:

- i. **Specific**
- ii. **Measurable**
- iii. **Achievable**
- iv. **Realistic**
- v. **Time Based**

- Clear, consistently applied KPI’s per person, and per team, which cover the hard skills (quantitative) and the soft skills (qualitative) needed to harness the experience of your key team members, and turning their experience into both business value and personal growth.
- The creation of a lifelong learning culture within your business, from yourself at the top all the way down your business.

- **Coping with pressure, and still executing as needed**

- The ability to cope with pressure and still execute as needed, time and time again, is determined by the following factors:

- **Level of business experience**

1. It is critical to manage and balance your team, particularly regarding experience levels.
2. Lower business experience level people tend to panic under pressure, as they have not failed very much, learnt from it, and started to gain the confidence that comes from overcoming obstacles and failure.

- **Level of life experience**

1. The joys and challenges of life develop all of us, and like stones in a river, wear away some of our rough edges, and reveal the structure and character of the stone within.
2. As people pick up life experience, they acquire additional balance and perspective that helps them cope with both failure and success.

- **Level of EI (Emotional Intelligence)**

1. The “nature or nurture’ argument as to the source of emotional intelligence.
2. You need to recruit for, train and develop the level of EI in your teams. The simplest way is to screen and recruit for EI as a primary trait regarding your new people.
3. The following video is an excellent summary of the importance and context of EI:

- i. <https://www.youtube.com/watch?v=7Qv0o1oh9f4>

• Level of Resilience

1. Dr Sven Hansen founded and leads the Resilience Institute. His website is an excellent resource in this area : <https://resiliencei.com/our-teams/dr-sven-hansen/>
2. The single largest component of my work with clients relates to improving Resilience of the both my clients' businesses, themselves and leaders and owners of those business, and their people.
3. True resilience is in my experience a 20 year business experience journey, which at that point is then continually refined.
4. The level of business experience, life experience, and level of EI all work together, like the strands of a rope, to deliver average, excellent or exceptional levels of resilience.

• Temperament and Character

• Temperament

- We are all born with a certain temperament. In my view that temperament cannot be changed, and for the sake of the individual, should not be changed, only worked with. The critical point here is for each person in life to:

1. Identify clearly their temperament, learn to live with it, and turn the net advantages of their temperament to their advantage.
2. People who do not complete the three steps in the point above are "square pegs in round holes", and suffer greatly for their lack of focus, as do the businesses that either acquired them, or incorrectly recruited them in the first place.

- **Character**

- Character also cannot be completely changed, but it can certainly be developed.

- In a business context, character develops slowly, and is often influenced and built by factors external to your business.

- It is an error in my view to attempt to do much more with your teams than work with the character of your people, and help their character develop by your effective leadership.

- **The following videos are a useful resource to help you develop your team:**

- For your more junior team members:

- <https://www.youtube.com/watch?v=TBuIGBCF9jc>

- For your intermediate team members:

- <https://www.youtube.com/watch?v=CiNSZCiCtuM>

- For your senior team members:

- <https://www.youtube.com/watch?v=ax-9gCxZSIg>

- **Resilience drives Execution**

- True resilience is built over time, and involves many factors, as explained above at summary level.
- In my experience Execution can only be consistently delivered at a high or very high level by teams and team members who are:
 - Experienced in a business sense
 - Experienced in a life sense
 - Have EI to at least a reasonable extent.
 - Have achieved resilience to at least a reasonable extent.

- ***Actions regarding Execution – Getting Things Done - that I have worked on and continue to work on with current and past clients:***

- **Avoiding the “Everest Syndrome”:**

- I find within my clients’ businesses pockets of “Everest Syndrome”. The root causes of Everest Syndrome are usually the following:

1. Pockets or comparative ignorance – i.e. a person or team is relied upon to deliver “to a level of skill that is irreplaceable”. The reality is that the Leadership team, and/or the Owner/s lack the skills and experience that this person or team apparently have. The in truth, there is no objective way for the Leadership team, and/or the Owner/s to determine if these “irreplaceable skills” are fact or fiction. Given that no person or team is irreplaceable, then:

- i. If these “irreplaceable skills” are in fact the truth, then the business has a retention and succession issue regarding this person or team.

ii. If these “irreplaceable skills” are fact replaceable, then the business has a Leadership and/or management issue regarding this person or team.

2. The way to address the Everest Syndrome in either of the above cases is:

i. Expectation management – i.e. very clear expectations of the person or team, and:

ii. External validation – i.e. a review or audit of this person or team, by means of a benchmarking analysis of the gap between the outputs of this person or team, and best practice.

iii. I am engaged from time to time to provide this analysis, either as part of my work with clients, or as a project.

• Lack of Agreed Expectations, Consistency, and Transparency:

1. In the absence of comparative ignorance, then the following factors give rise to Everest Syndrome:

i. Favouritism or Nepotism:

1. The drivers here are either bias on the part of an owner, leader or manager, and/or:

2. A family member, within a family owned business, who is favoured or protected by the owner, leader or manager within the business.

ii. Poor culture, Poor Leadership or Management:

1. This can occur when a business is sold, and a new owner operates the business without the necessary skills and experience;

2. When a business owner is tired, and/or distracted by adverse market events, or by health and/or personal issues.

iii. In both cases detailed above, expectation management alone will not solve the issues. Rather the root causes need to be sensitively teased out, and address, when the owner, leader or manager have suffered sufficient economic, financial and/or personal pain, and therefore become willing to fix the situation.

- The Everest Syndrome is extremely costly for a business, and at its more extreme form, can be the main driver for a business having to close down, restructure, or be sold.

• **Coping with Pressure, and Still Executing as Needed**

- The key here is in a mental state, to be able to both improve motivation, and also learn the delicate art of “micro-breaks”. I work closely with most, if not all of my clients in this space, as coping with Pressure, and Still Executing as Needed is the number one problem presented to me on almost all initial engagements.
- A combination of the digital transformation of most businesses, and the inherent conflict between the standards of service that clients expect (which is constantly increasing) and the demand from talent (employees, and to a lesser extent contractors) to both be well paid, and also work a set number of hours, to be able to meet personal family and relationship commitments, means that owners, leaders and managers, are always looking for ways to do more with the same level of resource, or the same amount, with less resource.

1. The keys that I work with my clients on in this space are:
 - i. Ensuring communication, accountability, transparency and consistency are up to standard.
 - ii. Recruiting talent for attitude, more so than technical skills.
 - iii. Recruiting for talent with emotional intelligence skills.
 - iv. Addressing any underlying motivational issues that owners, leaders and managers have within the business.

2. None of the keys above are new, or of themselves remarkable, but a business that systematically works through the resolution of these keys, emerges as a top performing business, on a sustainable basis.

• **Temperament and Character**

- All human beings are born with a certain temperament. This temperament remains with a person throughout their life, essentially unchanged. Attempts to change temperament, usually in formative years, had ruined the potential of many people, and in extreme form has led to shortening of lifespan, in either subtle and gradual ways, or more dramatic and sudden ways.
- Character on the other hand, can be sensitively addressed, but this takes a great deal of active listening, and can only happen when the person trusts the person who is actively listening.
- The matching of temperament and character to businesses, regarding an owner, leader, manager, and an employee or contractor is a critical success factor within any business.
- I work with clients often in these spaces, using specialist analytical tools, my own knowledge and experience, and often plain common sense.

• **Resilience drives Execution**

- This may be an obvious statement. The key here is to identify within a business:
 1. The level of resilience;
 2. The desired or required level of resilience;
 3. The gap between the current level and the desired or required level of resilience.
- I work with clients often in this area of assessment, gapping, and improvement regarding resilience within the business, at all levels.

- I use my own knowledge and experience, and these of my network, to help business owners address this critical area of resilience, regarding:

1. The business overall;

2. The owner / s, leaders, managers, and at times key people and/or teams of people within a business.



7. Governance and Leadership

- **What is Governance**

- **Governance starts where management ends.**
 - Governance is the focus on where the business is, where it is going, and where it needs to go.
 - The hard conversations about egos and sacred cows within a business are very much a part of governance, as well as the regular review of strategy, and also a critique of where the business sits in the marketplace.
- **Governance can only occur via the Collaboration of both people with knowledge of a business, and also people with:**
 - Extensive management, leadership and governance, who are not part of that business, meet regularly, usually monthly or bi – monthly.

- Governance mostly occurs via a business owner (or owners), meeting regularly with a business advisor. This regular meeting is usually referred to as an Advisory Board meeting.

- **Governance is not hype, or over hyped.**

- Excellent and / or exceptional businesses maintain and enhance their financial value, market value, and their sustainability value by:

1. Quality governance, built on a foundation of quality management, leadership and business culture.

2. Governance allows separation of the multiple “hats” that a business owners wears – i.e.:

- i. Leader;

- ii. Manager;

- iii. Technical “keeper of the flame’ or Guru;

- iv. The source of the Culture of the Business

- v. A Director of the Business;

- vi. The Managing Director of the Business.

- In essence, Governance is a structured process, involving:
 - o Communication and regular meetings;
 - o A Focus on the Big Picture – i.e. Strategy, Planning, Incisive Analysis and Forecasting of the key trends within the business;
 - o Most of all, a structured process that above everything is focussed on both protecting the market value, financial value and shareholder value within the business, and also working out how to enhance and improve the value of the business.

• **What is Leadership**

- Much has been written on leadership.
- Leadership is essential for any business to survive and prosper, but what is a succinct definition of the key elements of Leadership?
 - This 6 minute video succinctly explains the essence of effective leadership: <https://www.youtube.com/watch?v=j6R9toH6d-w>

• **The Link between Governance, Leadership and the Business**

- Any business, including your business is only as good as the resources within it, the management and leadership within it, and:
 - The character, temperament, EI level, resilience of you and your people
 - The sustainable level of execution that you can bring to bear as a business on your prospects, customers, market and marketplace.

• Actions regarding Governance and Leadership - that I have worked on and continue to work on with current and past clients:

• Governance

- I am part of the Advisory Board of a number of my clients, which is where formal Governance operates and is refined. It is important to recognise that Governance is not a static process, as a quality Advisory Board influences, sets new directions for, and flexes with the business within which it sits.
- One of the most important functions of Governance, via a Board or Advisory Board, is to help business owners and leaders separate the hats that they wear, and concentrate on one hat at a time. The clarity, peace of mind, and ability to improve and reshape a business is something that I see very often during my Advisory Board work.
- The hats that a business owner or leader need to separate are:
 1. Management
 2. Shareholder
 3. Leader
 4. Director
- It is critical for any growing, developing, changing or contracting business to ensure that it is making the very best of the skills and assets within its business – that is, human assets, physical or fixed assets, and intellectual property assets.
- My client experience is that when a business creates and starts the operation of an Advisory Board, that business finds that the separation of the four hats above provides a quantum improvement in clarity of thought, which then leads to better clarity of action and execution, and is often a very positive and refreshing experience for the members of the Advisory board.

- **Leadership**

- In New Zealand, we have a number of cultural traits. Near the top of that list is a dislike of confrontation. It follows from this dislike of confrontation that we prefer the servant leader, rather than the charismatic or forceful leader.

- We tend to prefer this kind of leader:

- <https://www.youtube.com/watch?v=ZEx6M0C0-po>

- <https://www.youtube.com/watch?v=453w0378Hjw>

- There are many other kinds of leaders, you might like to take a moment and assess which kind of leader you are:

- <https://www.youtube.com/watch?v=5lG9n6fHSFc>

- <https://www.youtube.com/watch?v=0BOF6YgYq2o>

- <https://www.youtube.com/watch?v=DSsGRfCqN2s>

- This 6 minute video succinctly explains the essence of effective leadership:

- <https://www.youtube.com/watch?v=j6R9toH6d-w>

If you would like to discuss any part of this EBook, then we should talk. My contact details are:

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