

STRATEGIC MANAGEMENT TASKS

Late in each financial year is a good time to get your planning, budgeting and operational procedures up-to-date. Doing this lets you hit the ground running at the start of the new financial year. If there are significant changes in your business, it is suggested that such reviews be undertaken more regularly.

1. Task: **Create or update your strategic plan**

Regularity: Three-year horizon updated annually

Possible Actions:

- Have a strategic plan for the owners, as well as for the business. This ensures the business complements the owners' needs.
- Take time to review lessons learned from the current year and incorporate those lessons into your strategic plan.
- Involve key staff in the planning process.
- Consider engaging an external expert to assist you with the planning process.
- After setting your plan, develop an action plan with specific tasks and responsibilities.
- Consider the opportunities of selling your products and services online.

2. Task: **Conduct performance reviews**

Regularity: At least annually

Possible Actions:

- Don't wait until the formal feedback process – provide regular feedback to staff.

3. Task: **Consider incentive systems or commission-based pay**

Regularity: At least annually

Possible Actions:

- Make incentive systems simple, pay promptly and link the incentives to controllable success factors for each role.
- Consider only paying commission when you have received cash from the sale and paying higher commissions for sales of higher margin products and services.
- Ensure that commission-based remuneration does not result in behaviour by sales staff that is not in the customers best interests.

4. Task: **Get staff to sign an employment agreement (including provisions for confidentiality obligations and ownership of intellectual property)**

Regularity: Commencement of employments

Possible Actions:

- Obtain legal advice to ensure employment agreements comply with the law.

5. Task: **Consider if 'restraint of trade' contracts are needed for key staff**
Regularity: Commencement of employments
Possible Actions:
 - Obtain legal advice to ensure applicable contracts are enforceable and advisable.

6. Task: **Review sales contracts and customers' terms of trade**
Regularity: Annually
Possible Actions:
 - Shorten your terms of trade.
 - Implement credit limits on customers.
 - Seek personal guarantees and other forms of security.

7. Task: **Review suppliers' contracts or terms of trade**
Regularity: Annually
Possible Actions:
 - Negotiate a lengthening of their terms of trade.
 - Review how goods are supplied to you (so that it better meets your needs).
 - See if you can reduce the minimum quantity you can order.
 - Review payment discounts to see if early payment is beneficial. It may put unnecessary stress on your cash flow.
 - See if buying in bulk meets your needs and does not result in extra storage costs or wastage.
 - Consolidate ordering, for example buying once a month rather than once a week.
 - Consider the implications of the *Personal Properties Securities Act 2009*. It might require updating your invoices and/ or registering your interest in certain goods that you sell. See www.ppsr.gov.au
 - Identify alternative suppliers of critical items.

8. Task: **Review office leases**
Regularity: Annually
Possible Actions:
 - Exercise options to renew your lease if your current premises meet your needs, if not, begin planning a move.

9. Task: **Review Equipment leases**
Regularity: Annually
Possible Actions:
 - Understand ownership/payout arrangements at end-of-lease and potential tax consequences.

10. Task: **Review securities pledge over your assets**
Regularity: Annually
Possible Actions:
 - Make sure you know which of your assets is pledged as security for which loan and where a loan no longer exists, the security is removed.

11. Task: **Establish, update or review your documented policies and processes**

Regularity: Annually

Possible Actions:

- A well-designed policy manual has the potential to make your business more valuable and easier to run in your absence.
- Use your policy manual for training and quality assurance purposes.

12. Task: **Establish, update or review the allocation of tasks to staff**

Regularity: Annually

Possible Actions:

- Separate record-keeping duties from duties involving the handling of cash and other assets to minimise the risk of fraud.
- Check that allocations are still relevant and appropriate.

13. Task: **Consider fraud risk**

Regularity: Annually

Possible Actions:

- Speak to your Accountant or Bookkeeper about establishing appropriate internal controls that reduce the risk of fraud and ensure those controls are followed.

14. Task: **Review staff authority to spend money**

Regularity: Annually

Possible Actions:

- For smaller businesses consider authorising all payments yourself for a short period as part of a cost reduction and quality assurance exercise.

15. Task: **Inform and educate staff about your policies**

Regularity: Commencement of employment

Possible Actions:

- Conduct random spot checks to both ensure compliance with your policies and to reduce the risk of fraud.

16. Task: **Review and update your disaster recovery plan**

Regularity: Annually

Possible Actions:

- Consider how to operate your business if there was a disruption to the supply of electricity, gas, water, internet etc.
- Ensure staff contact details are up to date.

17. Task: **Review whether you have the licenses you need to use your software**

Regularity: Annually

Possible Actions:

- Ensure current versions of software are being used, there are no unauthorised copies and the number of users your license covers is sufficient for your needs.

18. Task: **Review whether your back-ups are performed frequently and held offsite (whether in the cloud or in physical storage)**

Regularity: Daily/weekly

Possible Actions:

- Test whether your staff know how to restore the back-ups and that the back-ups work.

19. Task: **Review you IT staff training needs**

Regularity: Annually

Possible Actions:

- Appoint a 'champion' for each software product to enhance internal transfer of practical knowledge.

20. Task: **Review your cybersecurity**

Regularity: Annually and ongoing

Possible Actions:

- Ensure all staff are trained in what is secure online behavior.
- Appoint a specific staff member to keep all staff up-to-date with cybersecurity risks.
- Do regular backups and ensure the backups work.
- Consider engaging an external to review your cybersecurity.

21. Task: **Review how intellectual property is being used in your business**

Regularity: Annually

Possible Actions:

- Speak to your lawyer to see if your intellectual property is adequately covered.
- Renew trading names (including trademarks and business names) and domain names.

22. Task: **Review your insurances**

Regularity: Annually

Possible Actions:

- Does your insurance cover match your needs, for instance insurance covering assets, business interruption, loss of attraction, life insurance, income replacement, etc?
- Avoid under and over-insuring. Make sure your current assets are covered by insurance and that assets you no longer own are not on your insurance policy.

23. Task: **Seek ways of reducing resources the business uses**

Regularity: Annually

Possible Actions:

- Seek information on how you can reduce your use of electricity, gas and water and reduce waste.
- Eliminate unproductive steps or processes.

24. Task: **Review any outstanding legal disputes**

Regularity: At least quarterly

Possible Actions:

- Keep disputes moving along
- Consider viable ways to settle disputes promptly.

25. Task: **Determine whether you undertake activities (such as exporting) that may be eligible for a government grant**

Regularity: Annually

Possible Actions:

- Speak to your industry association or Accountant about what grants if any, you may be eligible for and the eligibility requirements.

CONCLUSION

Good business practices will help ensure your business is well run. A well-run business will help place your business in the best possible position to respond to whatever trading conditions you face, and help you move your business in the direction you want it to go.

Whatever the state of your business, look for services or products that are not “earning their keep” – low sales might be the indicator; frequent problems with product support might be another. Your financial system should be able to tell you whether there is little or no gross profit from a product, or the product might tie up too much working capital relative to its profit level. Once you know the source of the problem, see whether it can be corrected or whether you should consider no longer selling that product or service.

Structural changes are best made in the good times. However, if you need to make structural changes in less positive periods, communicate openly with the affected people; make sure you treat them with dignity and pay them any entitlements.

Whether your business is strong, weak or patchy, this checklist will help you make the most of any situation and feel more in control of your business.