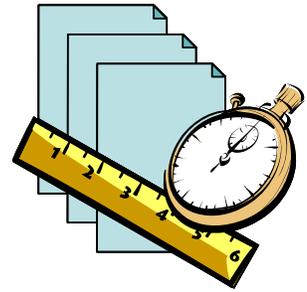


Supplement C: Managing your success



If your business started to go through a bad patch, at what point would you discover it? Would it be right back at the start when something began to change in the minds of your customers? Or even before that, when some of your people or your suppliers began to do things differently? Or would it be after that, when your sales began to drop a bit, or your costs went up? Or perhaps you would not discover it until you could no longer meet your bills? When would you discover it?

And when you discovered it, would you be able to put things right quickly and easily? Or would it take more work than that to win back customers or cut costs? Or would it simply be too late to do anything except lose the business?

And if your business was suddenly more successful, would you have enough advance knowledge to allow you the time to respond? Would you know which parts of your business to focus on first? Or would you struggle to keep up for a while until the success faded out – slowly washed away by difficulties in quality and supply?

Our impression of many of the businesses we saw in Uganda, is that most of their problems and opportunities catch them by surprise – they don't see the signs in advance – partly because they don't know what to look for, and partly because they are not in the right place to see it anyway.

Managing your success is about:

- Making sure you are attentive about what is important in your business (record keeping)
- Setting up systems to spot the signs as soon as they occur (record reviewing)
- Having enough information to allow you to make the best decisions quickly

If you can do these things, then your success will remain in your control – but if you cannot do these things then your success will always be more a matter of luck than of any serious attempt at stewardship.

Knowing what signs to look out for

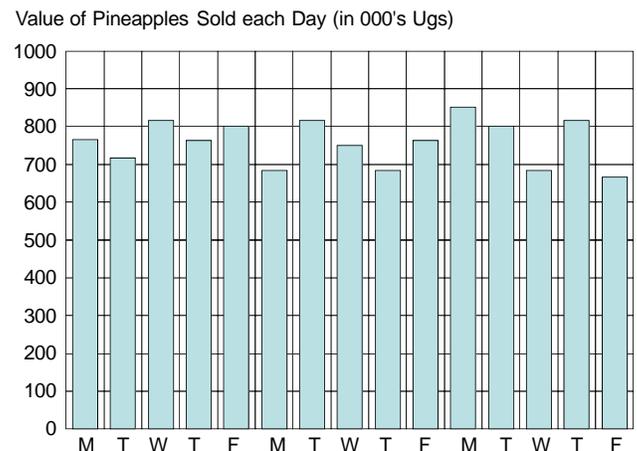
Most of the causes of business collapse have warning signs associated with them, since most of them tend to be fairly gradual, and they are either concerned with your costs or with your revenue. If they concern your costs, they can usually be seen in the prices you pay, the waste your business generates, or the utilisation of your people (the number of hours they actually spend working on jobs that make money). If they concern your revenue, they can usually be seen in customer enthusiasm, quantities sold per day, or prices that people are willing to pay. Changes that threaten your business are very likely to be first seen in a change in one of these things. Simply put, these are the signs to look out for.

But how do you look out for them? Variation in these things is natural, and they are never the same two days running. They are affected by the seasons, the weather, and even the day of the week. They are affected by people, brief illnesses and even which side of the bed people got out of (almost). How do you see change in something that is continuously changing? How do you look beyond the natural variation to see something underlying and important?

The answer is a thing called a graph. It is a diagram which consists of a different column for every day, side by side in a row, from the left hand side of the page (representing earlier days) to the right hand side (representing days in the future). The height of each column is the value of one of the important warning signs for that day – say for instance value of sales (see the diagram on the left) – and each day you draw the next column on the graph to a height which represents the value of sales for that day

Day	Value of fruit sold	Graph Height
1 st Monday	760,000 Ugs	76 mm
1 st Tuesday	710,000 Ugs	71 mm
1 st Wednesday	810,000 Ugs	81 mm
1 st Thursday	770,000 Ugs	77 mm
1 st Friday	800,000 Ugs	80 mm
2 nd Monday	690,000 Ugs	69 mm
2 nd Tuesday	810,000 Ugs	81 mm
2 nd Wednesday	750,000 Ugs	75 mm
2 nd Thursday	690,000 Ugs	69 mm
2 nd Friday	760,000 Ugs	76 mm
3 rd Monday	850,000 Ugs	85 mm
3 rd Tuesday	800,000 Ugs	80 mm
3 rd Wednesday	690,000 Ugs	69 mm
3 rd Thursday	810,000 Ugs	81 mm
3 rd Friday	680,000 Ugs	68 mm

The table (above) records exactly how much money was paid to a pineapple seller each day, over a period of 3 weeks. It can be represented as a graph (shown below) where each day is a separate column, and the height of each column is in proportion to the money paid to the seller that day.



(for instance if 1mm represented 10,000 Ugs of pineapples, and you sold 760,000 Ugs worth of pineapples on Monday, then the height of the column would be 76mm on that day – see the table on the previous page).

The graph will rise and fall on a daily basis owing to natural variation, but underneath that constant variation, underlying trends can be seen quite clearly (See the diagrams on the right and the exercise beneath). Producing a simple graph for all of your most important warning signs is the best way you have of seeing the signs when they occur.

But where do you get the information from?

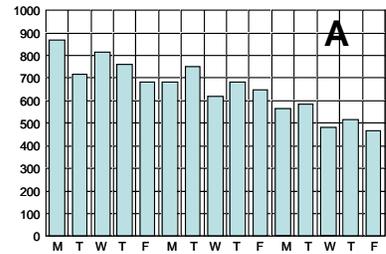
Setting up systems to spot the signs

You get the information from your records. However, we recognise that getting information from records is in itself likely to be a problem. Understandably, we only saw a small proportion of the total number of businesses in Uganda, when we visited – but the one factor that seemed common to all of them was very little record keeping. The business people we visited did not know key pieces of information about their turnover and costs. Most people did not really appreciate the importance of records – after all, while you are in business they do not seem very necessary, and once you are out of business and may realise their importance, well then it is too late anyway.

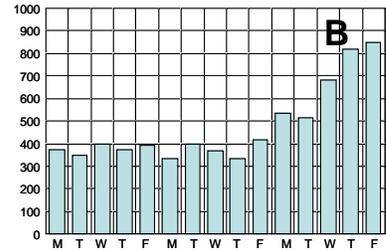
But records are vitally important, and we cannot emphasise too strongly the importance of keeping good records, particularly in respect of the following:

1. Total value of new orders taken
2. Income received from customers (money actually paid in)
3. Total discounts given to customers
4. Hours worked by staff
5. Total value of hours worked by staff (in terms of customer sales)
6. Cost of purchases and supplies

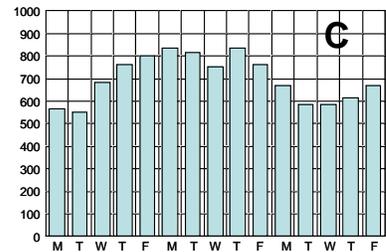
Value of Pineapples Sold each Day (in 000's Ugs)



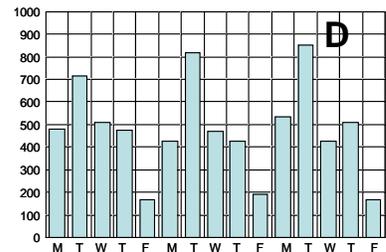
Value of Pineapples Sold each Day (in 000's Ugs)



Value of Pineapples Sold each Day (in 000's Ugs)



Value of Pineapples Sold each Day (in 000's Ugs)



Exercise 28:

What warnings do the graphs above give you about your business: (answers on page 48)

A:

B:

C:

D:

7. Yield (the proportion of work done that is of good enough quality that it can be sold)

Depending on your business, some of these things may be the same thing – for instance, on a market stall, the first two items are likely to be the same since people buy, pay for, and take things all at the same time. But recording these key pieces of business information on a regular basis (daily or weekly, as a table, or simply as a list) is the most important thing you can do to take control of your business; to manage your success.

Then by producing graphs of each of them, you will be able to spot problems more easily and earlier – and you will also be able to see where your money is going, and what you can do to make your business more efficient.

Making the best decisions quickly

But recording and graphing information is only one half of the management cycle – the other half is about using the information to make accurate and timely decisions and bring about necessary changes. And the key to accurate and timely decisions is not so much ‘what’ happened, but ‘why’ it happened.

Your graphs may indicate a slow falling trend in sales (like Graph A on the previous page), but unless you know ‘why’ you have a falling trend in sales, you still are in the dark about what you might best do. The graphs only show that you have a problem, they do not tell you what to do about it. You have to work that out for yourself – but there are a few simple steps that will make that easier for you:

- Speak to your staff about what you have noticed, and ask for what thoughts they have about what might have caused this trend (try to focus on underlying causes and avoid any tendency to blame). This not only gets direct information from your staff who may be in the best position to know, but it makes it clear how important this

Answers to questions from page 47:

- A:** Your sales are steadily in decline – the up and down nature of day-to-day sales is hiding a steady drop in sales that will see your business disappear within the next 6 weeks.
- B:** You are experiencing a recent rapid increase in business, and it is likely that this growth will continue into next week.
- C:** Business is fairly steady. The increase in sales two weeks ago largely tailed off last week.
- D:** Sales during the week peaks every Tuesday and drops every Friday but stays fairly steady on the other days. Tuesday peaks may be on the increase.

**Burning stakes
do not lighten the
darkness**

Stanislaw Lec,

is to you and that you do become aware of any slacking in this area.

- Try to find out any other information you can about the situation – Do you see the same trend in other things? Are other businesses seeing the same thing? Has it coincided with any particular trend that your customers or suppliers are experiencing? Is there anything you can think of that may have started the trend?
- You may need to gather a small group of your most trusted people to look into the problem a bit more deeply and get back to you on the reasons? This may involve discussions with customers or suppliers, or watching the way people work, or changing things to see what happens.
- When you have identified the root of the problem, think through how you can eliminate that cause, or at least reduce its impact, or work around it. Develop a number of possible answers and pick the best one – then make the necessary changes and test that it is working (watch your graphs to make sure that the trend improves).

The above steps are only intended as a rough guide to solving the problems that arise, but will probably be sufficient for most simple problems that you encounter – if they are addressed early enough. (Problems tend to get more involved and complicated if they are left for a period of time. If however your problems are already more complicated – Workbook 3: ‘Improving your own small business’ has a section which will help you.).

If your business grows big enough, and its problems more frequent, you might consider a regular meeting with your most trusted people to look at trends on a routine basis.

Continuing to learn

Running your business well is not simply a matter of implementing the ideas in this course and then you have finished – instead think of the implementation of the ideas in this course as the start of a journey of discovery, where each of the parts that you have implemented can be used to help each of the other parts to improve still further.

People often find this idea a bit difficult to grasp – but the better you can grasp it, the more likely your business is to succeed and to grow in its impact and influence.

So, how can you use what you have done as the ‘start of a journey of discovery’? The first thing to do is to accept that no matter how well you have implemented the ideas in the Chapters of this book, you can always improve:

- You can find new and more creative ways to gain a better understanding of your customers and their needs, and to build relationships (and even partnerships) through which you can serve them and their needs better
- You can inspire higher standards and more challenging targets, through inspiring and using the vision and enthusiasm of your people in developing them, and by building commitment to living them out and pursuing them in practice
- You can continue to develop and improve your processes: from the ideas of your people; from watching other business; from research over the internet; from applying systematic ideas, such as ‘5S’ (*there are many, many thinking tools available to systematically develop and improve business processes, of which 5S is just one, and while we do not intend to cover them in this book, they can easily be read about over the internet*)
- You can continue to develop your people through many levels of competence and attitude – through the skills of simply doing the job well, to working with others to make the job better, and on to coaching guiding and leading



others to do their jobs better (and to improve HOW you develop people)

- You can improve the accuracy, timeliness and efficiency of the information you (or more importantly your people) receive – and the steps you (or they) take to use it effectively in avoiding problems and driving improvement

The Tesseract website (www.tesseract.com) and indeed many other websites, contain ideas on how you can do each of these things, but more important than **what** you do is your **attitude** to it – the determination to regularly revisit **how well** your business is doing each of these things, and to continuously be seeking to find new ways to improve them. Saint Peter explains this attitude clearly in his second epistle (2 Peter 1:5-8).

So, if you have now put in place the ideas from this course, and rightly paused to celebrate and congratulate yourself on doing so, look into your diary, and set a date (*maybe in six months or a year's time*) for when you plan to review how they are working and develop your ideas on how you can improve them still further.

The longest journey may begin with but a single step, and we can take encouragement from that idea, but having taken that single step, and having been so encouraged, we have to accept that is not where it ends – we have yet more 'single steps' to make! Like Paul at the end of the third Chapter of his letter to the Philippians, we must press on, so let us end this first step in a prayer for our future walk, that God might guide our footsteps and light our path.

Heavenly Father, almighty God, we look back on our lives and thank you for everything you have done to bring us to this point. Take our businesses Lord, as an offering that they may honour You in all that they do, and guide us Lord God in our stewardship of all that You have given into our care through our businesses.

Give us wisdom and insight as we seek humbly to apply the ideas in these pages to our businesses, and help us

interpret from the text the things that will help us most, and sweep away ideas that would harm us. Lord we do not expect the path to be smooth and without obstacle, but we claim your promise in Romans 8:28 that all things will happen for the good of those who love You, even though we may struggle to see how at the time.

Help our businesses to grow in their ability to be a blessing to those around us. And we ask that success in our businesses brings us closer to You in the way that you require of us, and that you protect us from anything Babel-like that will cause us to rely solely on our own strength or breed arrogance within us.

Finally Lord, we ask that You, who have understood us from the womb, help us to pray for the things we most need in seeking to follow the path You set before us and our businesses, wherever that path may lead.

We ask these things in the name of Your Son, Jesus Christ, Amen.