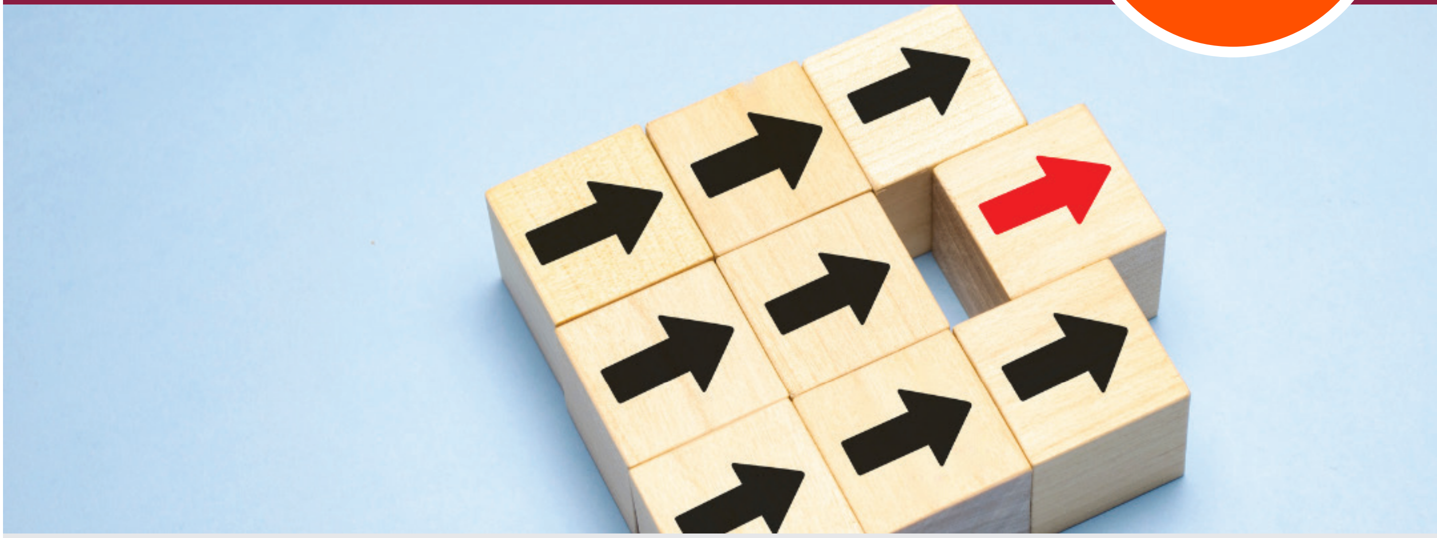
Francis O'Kennedy & Co.
Chartered Accountants & Registered Auditors

Chartered House, Main Street, Leixlip, Co. Kildare
Telephone: +353 1 624 6434 . E-Mail: fokennedy@fok.ie

Visit our website: www.fok.ie

NEWSLETTER
32



How to stay competitive in your industry

We know that it's difficult to make your business stand out from the crowd, especially in the 21st century digital environment where businesses large and small are competing for the same customers.

We understand that remaining competitive is vital for any business. If you stay ahead of your competitors and hang onto your customer base, your sales stay stable and your revenues remain predictable. But how can you do that in today's increasingly challenging business environment?

Key ways to remain competitive in your market
No market sits still. And the competitiveness of your company's brand will also fluctuate and evolve over time. But this doesn't mean that you can just sit back and let your competitive edge fade away. The more proactive you are about your position in the market, the more you can do to preserve your advantage and keep your business ahead of your competitors.

Here are some helpful ways to boost your competitive edge:

Provide a personalised experience for your customers – customer experience is everything in the digital age. A happy customer will buy more, so you need your CX to deliver every time, no matter what. Try analysing your customer data and feedback, and then using that information to tailor the customer's experience with your company. Carry out competitor intelligence activity on your main competitors – competitor intelligence is an important activity for any company. It involves gathering data about your competitors, including their strengths and weaknesses. You'll need to identify the competition, find out what they're doing, and analyse the data you've collected.

Offer high-quality products or services at reasonable prices – you won't sell high volumes if you don't have a quality product or service. And you also need to offer a price point that your customers see as good value. If you're not sure if your prices are competitive, take a look at what your competitors are charging. This will give you an idea of what people are willing to pay for the same products or services that you offer.

Develop new technologies that are not yet on the market – investing in

Contents ›

How to stay competitive in your industry (cont.)

new technologies is risky but can also be profitable. To help mitigate the risks of developing a new technology, it is important to research the market and make sure that there is a genuine customer need for your product. It's also important to ensure that your product will be affordable and has potential for growth in the future.

Talk to us about reviewing your business strategy

Keeping your business at the competitive edge of the market can be a challenge. But by analysing your customer and competitor information, you can do your best to remain competitive and keep your dominant position in your market or industry sector.

We'll help you identify the risks, spot the opportunities and amend your business strategy to remain competitive, stable and profitable in the future.

5 goal-setting tips for 2023

We believe that effective goal setting will help you get the very best out of 2023. Whether you want to grow your business or take more time for yourself, these goal-setting tips can help you achieve your long-term plans.

Think big! What do you want from your life

How can your business help you achieve that? Think about next year and beyond; what does your business look like in five or 10 years? When you know what end point you're aiming for, it's easier to set goals that move you in the right direction.

Pick something you can measure

Vague goals aren't as helpful as those you can measure and monitor. Think about what you already measure in your business and how you'd like to see those metrics change. For example:

- A 3% increase in net profit year-on-year
- A 2% reduction in expenses
- 1 new customer per month
- Reduce average payment time to under 50 days
- 4 weeks of holiday during which you don't go into the office at all

Make a plan to achieve each goal

Once you've picked a few goals, come up with ways to achieve them. It could just be back-of-the-envelope thinking, or have a brainstorming session with your team or your advisers (give us a call!). When you have a plan in place, do your best to follow through and make it happen.

Keep monitoring your progress

Check in each month to see how you're tracking with your goals. Set yourself reminders on your calendar or make it part of your invoicing cycle. If you're not quite on track, you can make tweaks or come up with some fresh ideas to help you reach your targets.

Plan a celebration!

Give yourself a good reason to keep striving for your goals. It might be a long lunch, a trip to the movies, a manicure, or a beer advent calendar next December. Something you'll enjoy that's not going to blow the budget.

Getting in control of your spending

We know that keeping the business in a positive cashflow position is vital. But you can only do this if your cash inflows (sales revenues and other income) outweigh your cash outflows (overheads, supplier costs and other liabilities like tax costs or loan repayments).

We understand that one way to re-balance the cashflow scales is to get in better control of your spending. This process of 'spend management' is all about reviewing your expenses, negotiating better deals with suppliers and getting a razor-sharp focus on reducing your cash outflows.

Review your current suppliers

Once you have a reliable supply chain set up, it's very easy to fall back on using the same suppliers time and time again. But the reality is that there's real value in reviewing the suppliers you're using, so you don't miss out on any better deals.

Prices will go up and down in the marketplace and new suppliers will appear in the market. So it's worth regularly checking for alternative providers that can offer cheaper rates, better value prices or longer payment terms etc.

Negotiate better prices with your trusted suppliers

You may be happy with the supplier relationships you have, but still want to cut down on your spending. In this scenario, it's well worth negotiating. Very few suppliers will want to lose a valued customer, especially if you're a long-term client who's bringing in reliable revenues. If the relationship is strong enough they'll be open to negotiating a deal that works for both of you.

See if you can push the prices down, or get discounts for buying in bulk etc. And, if possible, see if you can get them to agree to a trade credit agreement, where you can pay for the goods and services over a longer period of time, to boost your cashflow.

Rein in your expenses

It may sound obvious, but one of the easiest ways to cut your overall expenditure is to be a bit more frugal with your overall spending. Don't overspend on stock, raw materials or services. Just buy what you need to stay operational, and keep a close eye on when new orders will be needed, rather than overspending and using up your available cash.

Where day-to-day spending has got out of hand, you can make a big difference to your expenditure by making small changes to your outgoings. If you look at your spending with a fine-tooth comb, you'll soon find costs and expenses that can be cut back or stopped entirely. Other cash-saving options could include putting a limit on staff expense cards or canceling unnecessary software and magazine subscriptions etc.

Use a purchase order number system

A purchase order number system makes it easier to keep track of your spending. In essence, any purchase made by the business needs a purchase order (PO) number assigned to it, prior to a member of staff buying anything. This allows you to allocate a budget and track the spending against this particular purchase or project.

Having a PO number also makes it easier to track incoming invoices. Suppliers can quote the PO number on their invoice, so you can match the bill to the allocated job and budget.

Use tech to get in control of the numbers

In an ideal world, you want as much oversight over your spending as possible. And with today's cloud accounting software, expenses apps and inventory tools, it's easier than ever to manage your expenses and stay in control of the main numbers.

Using forecasting to help your decision-making

We believe that producing regular management information is one way to help improve your business decision-making. But looking at historical numbers can only tell you so much.

In business, you want to know what the future holds. And to make truly informed decisions about your future strategy, it's important to use forecasting tools to project your data forwards in time. By running projections, based on these historical numbers, and producing detailed forecasts, you can get the best possible view of the road ahead – that's invaluable.

Run regular cashflow forecasts

Positive cashflow is vital to the short, medium and long-term success of your business. Without cash, you simply can't operate the business efficiently. Running regular cashflow forecasts helps you overcome this challenge. With detailed projections of your future cashflow, you can spot the cash gaps that lie further down the road, and take action to fill these cashflow holes.

Income can often be unpredictable, especially in challenging economic times. If customers fail to pay an invoice, or suppliers increase their prices, this can all start to eat into your available cash. Using forecasting, you can extrapolate your numbers forward to which weeks, months or quarters are looking financially tight. And with enough prior warning, there's plenty of time to look for short-term funding facilities, or to get proactive with reducing your spending.

Run sales and revenue forecasts

Keeping the business profitable is one of the key foundations of making a success of your enterprise. You want your sales to be stable and your revenues predictable if you're going to generate enough capital to fund your growth plans. And you need to know how those revenues will pan out over the course of the coming financial period.

Revenue forecasts work much like a cashflow forecast. Instead of looking at your future cash position, a revenue forecast gives a projection of your sales and how much revenue is likely to be brought into the business in future weeks and months. With better revenue information, you'll be more on top of your profit targets. You can manage your working capital in a more practical way. And you can improve your ability to invest in new projects, additional staff or funding of the long-term expansion of your business.

Run different scenario plans

What's going to happen to your business in the future? None of us have a crystal ball to predict this future path exactly. But by looking at different possible scenarios, you can run projections to see what the potential outcomes and impacts may be.

These 'What-if scenarios' can be exceptionally useful tools when thinking about big business decisions. What if there's an economic recession? What if our sales increased by 25%? What if we raised our prices by 10% next quarter? What if we lost a quarter of our customers? By plugging the relevant data into your forecasting engine, you can run these scenarios and see how each option pans out. That's massively useful when the worst (or the best) does happen.

Update your strategy, based on your forecasts

By making the most of your forecasting tools, you give your board, your finance team and your advisers the most insightful data and projections to work with.

A good business plan is designed to flex and evolve to meet the needs of the changing market – and the changing needs of your own business strategy. By making use of your cashflow forecasts, revenue projections and what-if scenario planning, you give yourself the insights needed to update your strategy and your business plan. You can make solid, well-informed decisions and keep yourself one step ahead of your competitors. In the dog-eat-dog world of business, that's a competitive edge that can make a huge difference.

If you want to delve deeper into the positive benefits of forecasting, please do get in touch. We can showcase the latest forecasting software and apps, and show you the value that's delivered through well-executed forecasting and longer-term projections.

Helping your child buy a house

We understand that finding the deposit for your first house can be a struggle, and many millennials and Gen Z zoomers are turning to 'The Bank of Mum and Dad' (BOMAD) as their funding route of choice.

We will discuss the best ways to help if your kids come looking to borrow your hard-earned cash. And can you afford to lend the money, while also protecting your own assets in the long term?

Can you afford to become a bank?

As parents we want to do the best for our children. Helping them buy a house gives them some financial stability and sets them up for a brighter financial future. But it's important that you don't overstretch your own finances and put you and your spouse into a potentially risky position.

Don't forget:

- You still need enough money to support yourself comfortably during retirement.
- Money-lending can sometimes cause arguments in the family. It can get complicated if your children fail to make their repayments, or if they split from their partner etc.
- If you have more than one child, it's tricky to balance out the needs of each one.
- Gifting money can have inheritance tax consequences, so talking to your tax adviser before you hand over any cash makes good sense.

You'll need to consider all those factors before you make a decision.

What are the best ways to help your children financially?

If you do decide to support your children in their efforts to buy their first home, there are lots of ways to help, including:

- A cash gift to help with the deposit
- A loan to help with the deposit
- Being a guarantor of their repayments
- Co-owning the house with them
- Letting them live with you rent-free while they save up.

A gift is the simplest and cleanest – your money might be gone but so are your obligations. The other options all require a bit more negotiation and potential compromise.

Talk to us about lending cash to your children

As your accountant, we can talk you through the pros and cons of the various options for lending to your kids. We can help with any tax planning and even put you in touch with the best local lawyers, to help you get the legal side sorted.

If you're planning to help your kids with their first property, come and have a chat with us first.

Business Connect

Now in its sixth year, Business Connect gives delegates a window into the decision making and purchasing processes of Ireland's leading companies.

This exciting marketplace event is focused on shining a light on Ireland's unique ecosystem where small and large firms often compete-for contracts, talent, government, and media attention - but they also thrive from each other. Speakers and full agenda to be announced soon.

If you are interested in securing new contracts and meeting new clients register now. Networking from 08.00am – 09.00am start – finishing with lunch at 1pm. SFA Members: Free - Non-Members: €99 + VAT on 8 February 2023 at Aviva Stadium. Visit the Small Firms Association at **sfa.ie** for details.

What's your unique selling point?

We understand that making your business stand out in a crowded market can be a challenge, but differentiating your business will be key to attracting the right customers and giving them a reason to choose you over a competitor.

We believe it's important to identify your unique selling point (USP), so you have a differentiator to communicate in your marketing and sales activity.

Giving your company a real differentiator
Not all companies are created equal. Every business will have a unique slant on how it develops and delivers the same product or service. Your USP focuses on what you do better, bolder, faster or more effectively than your competitors – giving you an edge over the other businesses that are clamouring for your customer's attention.

For example, Apple's USP was always that the company 'provides a lifestyle with our products' by making cutting-edge technology that's as simple to use and integrate as possible.

To make your USP work for you:

- **Define your USP using your products/services** – think about your products and/or service offerings and consider where you're adding value that's specific and unique to your business. You might be more ecologically sustainable, more budget-friendly, or easier to use than your competition. Own this difference, feed it into your development and think about the end benefit for customers. Tip: 'People don't buy products, they buy solutions' – Put yourself in your ideal customer's shoes to understand their needs and how you meet them.

- **Market the company around this USP** – understand where you add value as a business and condense it down to one selling point. While you may be able to list many benefits, boiling it down to one thing will be more compelling. Make sure it's short, simple and straightforward to communicate, so you and your customers quickly understand this USP. For example, the USP of M&Ms is that 'the milk chocolate melts in your mouth, not in your hand'. ABUS Locks have dominated security solutions with 'security built on quality' and this position has enabled them to broaden their product range beyond padlocks. A USP doesn't have to be a tagline but when it clearly caputures your point of difference it can become one, such as the Bunnings Warehouse tagline: 'Our policy – lowest prices are just the beginning'.

- **Ensure your competitors aren't catching up** – to be a true USP, your differentiator has to be unique. The business world doesn't stand still, so if competitors now offer the same customer benefits as you, it's important to review, reassess and adapt your USP. Keep innovating and developing your product/services, so you offer a genuine USP and keep the competitors from nipping at your heels.

If you're unsure what makes you stand out in your market or industry sector, think about the key benefit you offer your clients. It could be the unique features of your product or service, or the way you do business. A strong USP will help you attract prospects by reinforcing your position as the best choice for them.

Attracting the right talent?

We believe that when people talk about 'brand' they often think solely from a customer perspective.

However, a strong 'employer brand' is also critical, in order to attract the right talent to your business. With a shift in skill-set requirements across most industries, it's more important than ever to attract the right potential employees. So how do you go about attracting great talent to your business? Here are some things to consider.

Give prospects the full picture

When you have a role to fill, make sure you:

- Describe the great working environment in your job description and publish this on your website and on social media
- Add a careers page, with details on the company culture as well as the job
- Provide some insight into company life, or why people would want to work for you.

Establish your Employer Value Proposition

This is your unique set of offerings, associations, and values that positively influence target

candidates and employees. This gives prospective employees a sense of what you stand for. Without a set of values, it's harder to attract the right potential employees and even harder to hire someone who is the right fit for your company.

A strong employer brand therefore not only increases consideration, it is also a smart business investment. When your culture and values resonate with current employees, it can significantly lower your staff turnover rate. Companies with a stronger employer brand have a 28 per cent lower turnover rate than companies with a weaker employer brand.

Attracting the right candidates

Build personas of the types of talent you'd like to hire. And from here you can build the profile of your ideal candidate. These can include:

- Education
- Work experience
- Personal activities
- Aspirations and goals
- Values

Personal life and family situation. Once you have that profile, build your questions to ask in order to ascertain whether potential employees fit your ideal profile. You can tailor the advert and medium to speak to that profile.

Succession Planning

What positions will you need to hire in six to twelve months and what skills are required so you can build an internal talent pipeline? Work ahead of that point and build a relationship with your ideal candidate. Additionally, with a lot of ideal candidates being already happy in their current roles, you will require the time to build that relationship. Investing to strengthen your employer brand, including culture, environment, values and strategic vision will help increase consideration of your company, lower recruiting costs, and decrease voluntary turnover.

Financial Supports for your business

Local Enterprise Offices (LEOs) provide a range of financial supports.

They are designed to assist with the establishment and/or growth of enterprises (limited company, individuals/sole trader, cooperatives and partnerships) employing up to ten people. In some cases, depending on certain criteria businesses with 10 employees or more may be eligible, please contact your Local Enterprise Office advisor for more information on eligibility.

These financial supports are designed to provide a flexible suite of supports to LEO clients and potential clients. Go to: **https://www.localenterprise.ie/Discover-Business-Supports/Financial-Supports/**

Managing change in your business

We are aware that more than 70% of change projects within a business fail. Research findings show that employee engagement is the biggest factor. Whether it is a small change to one or two processes or a company-wide change, it's common for staff to feel intimidated by it.

So what can you do for successful implementation of change? Here are some tips to ensure your project stays on track:

1. Get the team onboard

Build support and create momentum behind the changes you are making by communicating the benefits with the whole company early on.

- Start honest discussions with your team and give dynamic and convincing reasons to get people talking and thinking about the change.
- Demonstrate what would happen if you didn't make the change and what else it could affect in the future.
- Request support from customers in this instance who may love the product, outside stakeholders and others known in the industry to strengthen your argument.

2. Form a powerful coalition from all areas of the business

Share the support you have from all areas in the business (not just the leadership team). Visible support from key people within the organisation will bring others on board and create a sense of urgency. Give these people key roles in the change process to help progress it.

Once formed, your "change coalition" needs to work as a team, continuing to build urgency and momentum around the need for change.

What you can do:

- Identify the influencers in your organisation for this change, as well as your key stakeholders.
- Ensure that you have a good mix of people from different levels within your firm.
- Ask for a commitment from these key people.
- Work on team building within your change coalition.

3. Create a vision for change

Create an overall vision that helps everyone understand why you're asking them to do something.

What you can do:

- Develop a short summary (one or two sentences) that captures what you "see" as the future of your organisation.
- Create a strategy to execute that vision.
- Ensure that your team leading the change are all on the same page.

4. Communicate the vision

Embed this in everything you do so it is not lost in the day-to-day operation but a powerful part of this.

What you can do:

- Talk often about vision and change.
- Make sure the vision is applied to all aspects of the operations. For example, ensure it's added to the training and induction program and is encapsulated into the relevant job descriptions and evaluations.
- Address people's concerns and anxieties about it openly and honestly.
- Lead by example.

5. Remove obstacles

Check constantly for processes and structures that need to adjust to allow you to execute the vision and help the change move forward.

What you can do:

- Look at your organisational structure, job descriptions, and performance and compensation systems to ensure they're in line with your vision.
- Recognise and reward people for making change happen.
- Identify, or hire, change managers whose core role is to deliver the change.
- Identify areas or team members that stand in the way of change, and find solutions.
- Take action to quickly remove barriers rather than letting them fester.