



Brentnalls : WA

Chartered Accountants
and Advisors

Reflection on the year 2017/2018



The 2017/18 financial year was a challenging year for many businesses which faced low margins and tight cashflows.

While the Australian and global economic conditions are undoubtedly a factor, we frequently observe that businesses are also being hampered by business models that are out of date and ineffective.

Business models and strategies that have served companies well for many years in the past, are not necessarily still the best option in a rapidly evolving market. Business owners must ensure that they are not "frogs in boiling water", not noticing or ignoring changing market conditions until it's too late.

Past successes, no matter how long or great, do not guarantee future success or even survival. Dick Smith closed down citing the anti-competitive practices of Aldi and competition from cheaper overseas imports as reasons for its demise. Similarly, many restaurants have been forced to close down with the advents of Uber Eats, which takes 35% of a restaurant's menu price for items ordered. A speaker at a recent conference suggested that the new business model for a restaurant is a kitchen with a good Instagram feed!

In light of the above, business owners must consider how to evolve their business models while staying true to their values. There is no point in protecting the "sacred cows" of your business, which you are emotionally attached to, if they're no longer profitable. Focus on what's working now and what you believe will work in the foreseeable future. To quote Charles Darwin: "It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is most adaptable to change"

It is pleasing to see a number of green shoots in the economy and major mining companies announcing capital expansion projects. It also becoming more apparent that there is a tightening in labour markets, particularly for trades, which indicates that things are looking up for those who are willing to change.

The new financial year is an exciting one for us. We are changing and growing too! Chris Smith has been appointed a director and is leading our tax focus within the practice. We have welcomed a number of new clients and are excited about the prospect of helping them grow their businesses. As always we are conscious of how privileged we are to work with all our clients and how they let us into their lives.

We thank you for your trust in us and we look forward to a prosperous 2018/19 for all.

Tony Monisse

Key foundations to set up for growth - As presented at GrowthCon 2018



Late July, Tony Monisse, co-presented at [GrowthCon Perth 2018](#), the first in the series of growth conferences for entrepreneurs.

The event was held in the picturesque surroundings of Lake Monger at the Bendat Centre in Wembley, WA and brought a full house of entrepreneurs from a vast array of industries.

In his presentation “Key foundations to set up for growth” Tony highlighted the importance of understanding the numbers if you want to grow a sustainable and profitable business. The 5 steps crucial for success are:

1. Organise your numbers
2. Identify the KPIs of revenue, profit and cashflow
3. Segment your business to identify the cash fountains and cash drains
4. Forecast profit and cashflow
5. Prepare a Gameplan to grow your business

Tony presented a number of real-life examples, showing that focusing on a select few critical numbers is the key to growing revenue, profit and cashflow,

and ultimately the survival and sustained prolonged success of your business.

Stay tuned for the next GrowthCon in early 2019, where Tony and other industry experts will share their tips & tricks for rapid growth strategies in the areas of finance, sales, marketing and technology

Congratulations to Chris Smith - Our new Director

In case you've missed our recent announcement, Brentnalls WA has started the new year started with the exciting promotion of Chris Smith to Director.

Chris has been with us for over 4 years and his expertise in taxation, asset protection and estate planning have been invaluable to our growth in recent years.



Along with Tony Monisse and Chris Mandzufas, our other directors, Chris will be working on further strengthening our position as a key business advisor partner to Western Australian companies.

How understanding its numbers set Levi's up for significant growth



I recently read a great article by Chip Bergh, the CEO who has turned around the fortunes of the iconic brand, Levi Strauss. In his article, Mr. Bergh describes Levi's as it was when he first joined the company and the key issues he faced, many of which are not dissimilar to the issues I come across when talking to business owners.

A common problem is there is no alignment between the company's strategy and people's actions due to the lack of understanding of what that strategy really is. People come to work do a job without considering whether their

actions are helping the business or not. Many employees have no idea on how the business is actually doing.

Devising the right strategy and making sure that you have the right people in the right seats is not an easy task. Bergh let the numbers speak - he interrogated the numbers with his finance team and re-stacked them to create a new plan to grow revenue and profits. As a result, within 18 months of Bergh's arrival, 9 of 11 of his direct reports had gone; the company identified their key focus market segments, prospective growth areas and missed opportunities; found ways to cut costs and drive cashflow to reduce debt. What's most important, Levi's was not afraid to make tough decisions when necessary.

Since the execution of the Levi's new strategy, the company has achieved substantial growth, more than doubling the value of the business in just 5 years and significantly reducing its debt.

What this story highlighted to me and what I see in the successful businesses we work with is the importance of:

- understanding your numbers and using this as a basis to make informed decisions to grow sales, profit and cashflow;
- getting everyone in your business on the same page so they understand the link between strategy and the numbers; and
- making sure you put in place capability in your business to execute.

For details of this story [follow the link](#).

Tony Monisse, Director, Brentnalls WA

How to Double Your Sales

When we want to increase revenue/sales we naturally want to double activity. What is more important, is to discuss how *working smarter* and focusing on the right metrics can grow your revenue quicker.

PROSPECTS / TRAFFIC	1,000	1,300
X	x	x
CONVERSION RATE	2.5%	2.75%
=	=	=
LEADS (PROSPECTS)	25	35
X	x	x
CLOSE RATE	30%	40%
=	=	=
SALES (CUSTOMERS)	7.5	14
X	x	x
AVG. LIFETIME VALUE	\$3,000	\$3,300
=	=	=
REVENUE	\$22,500	\$47,190

The 'Marketing Growth Formula', which you can see here, focuses on four marketing areas in orange

We suggest working on the following: build a prospect list, improve conversion rate, increase close rate & increase average lifetime value (how much customers spend).

Remember: "*You cannot manage what you don't measure.*"

Adam Rowles, Inbound Marketing Agency