

Penguin Bitesize Guides to Better Money Management

Guide #1



Five Things you Should do to Protect your Business from Disaster



Managing a successful Business includes having a high regard for protecting against the various “What If?” scenarios that can derail any business. Smart owners and managers know that this is one of their most important responsibilities.

Here are five practical actions you can take now to future proof your Business.

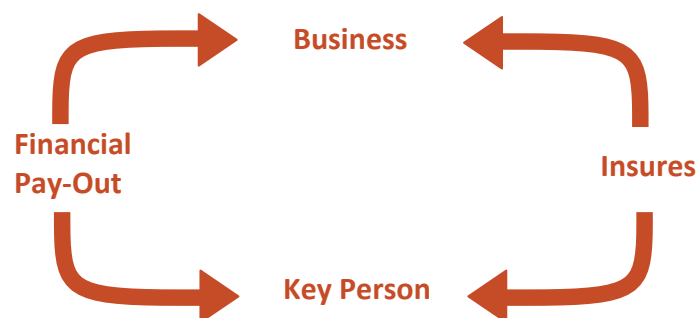
1 Make sure if ANYONE important to the business suffers serious or long-term ill-health the business can cope

People get sick from time to time, and this can include serious illnesses such as cancers or strokes, heart disease or kidney failure.

Based on claims data, the insurer, [Zurich](#), reported that in the first half of 2021 the average age of a claim related to open heart surgery was 35, motor neurone disease was 45 and stroke was 50.

If this happens, it can cause a strain on the Business and even in some cases, threaten the Business’s survival.

A Business can insure their owners, directors, or key players so that in the event of ill-health there is a financial pay-out to compensate.



Key Fact:

According to the Health and Safety Executive 1.6 million workers suffered from work-related ill health in 2019/20

Penguin’s advice:

Take out insurance to cover anyone who, if ill or off for any length of time, would cause harm to the Business, thereby protecting future profits.



2

Train up everyone involved in the Business to the nth degree (including yourself)

Training, in all areas and all aspects, to make everyone associated with the Business perform better has many benefits.

Increased motivation, job satisfaction, proficiency and productivity are all examples of how training can boost results, and, consequently, help future proof a business against disaster.

Think about all training needs, and possibly training your people in areas that may not relate to their technical capabilities. For example, in how to problem solve, how to make better decisions, how to spot opportunities. This is called mind training.

If you can instigate self-improvement techniques, then you can produce superior outcomes.

Key Fact:

The Association for Talent Development (ATD) concluded that companies offering comprehensive training programs have 218% higher income per employee than companies without formalized training and those who spend more enjoy a 24% higher profit margin than those who spend less on training.

Penguin's advice:

Invest time and resource in training everyone within the Business in a range of skills and activities, including mind training.



3

Manage cash flow as if it were the most important thing in your Business life

Because it probably is! Businesses, even ones doing well in other respects, commonly go under because they run out of cash. Not because of a lack of sales or even an absence of profitability. And this could happen suddenly or unexpectedly.

Key Fact:

According to research by Pay.UK, and the Chartered Institute of Credit Management (CICM) more than half of all the country's smaller businesses suffer from late payment challenges.

This is corroborated by separate research done by Xero, which showed nearly 52 per cent of all invoices issued by small businesses are paid late.

Penguin's advice:

- Spend time on your cash flow, understand your position exactly, use cash flow forecasting relentlessly, get help with cash flow projections and management
- Cash is king – remember things happen that you cannot predict or don't expect, so ensure you have cash available for many months (or longer) to survive even the worst downturns or events, such as occurred with covid lockdowns
- Manage future sales projections carefully, don't be over optimistic
- Be hard on collecting outstanding invoices

4

Look after your team, look after your customers

Investing time and resource in taking care of your team and your customers is a good way to keep the Business safe.

Losing a team member, who then needs replacing, can be time consuming and disruptive. Making your team the strongest it can be pays dividends.

You are less likely to have team members who are off work for stress, and are healthier generally, which can lead to greater productivity.

Your existing customers are likely to be your most productive and profitable. Building, developing, and enhancing your customer relationships creates long-term relationships and trust.

Key Fact #1:

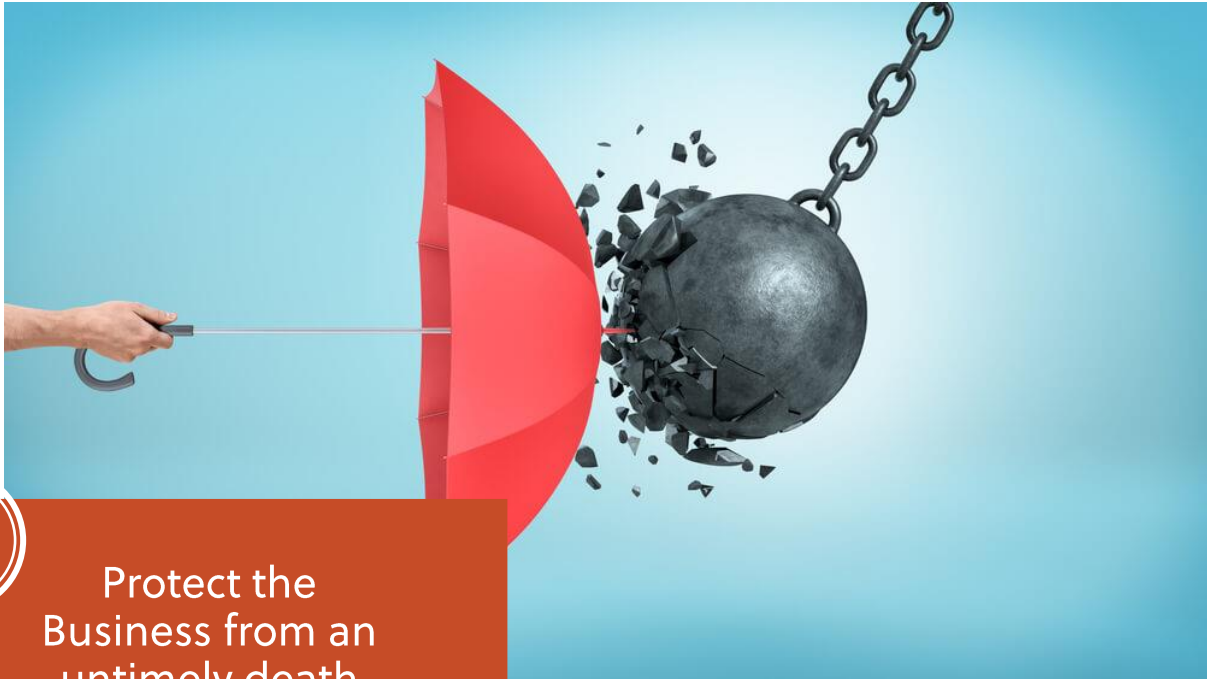
According to a 2020 report by Consulting Firm Deloitte for every £1 spent by employers on mental health interventions they get £5 back in reduced absence, presenteeism and staff turnover

Key Fact #2:

Increasing customer retention rates by 5% increases profits by 25% to 95%, according to research done by Frederick Reichheld of Bain & Company

Penguin's advice:

Have an active and structured programme of excellence for all matters relating to looking after your team and retaining and developing your existing customers.



5

Protect the Business from an untimely death

The death of an owner, director or a senior employee of a business can have devastating effects, including on whether the Business may survive.

As with serious ill-health, plans and provisions should be put in place to cater for this eventuality.

Businesses should have succession plans, contingency plans and make sure the financial position of the business is protected.

For many owners/directors the Business might represent a valuable asset, and therefore their families could be left short, as well as the business suffering. Creating a "double whammy" outcome.

Key Fact:

In Legal and General's State of the Nation SMEs Report, 63% of businesses surveyed said the death of the owner would be the No. 1 risk to their business' future

Penguin's advice:

Businesses should insure owners and directors against dying. Such protection is normally easy to organise, cost effective and tax efficient.

About Penguin Wealth

We are a Cardiff-based Financial Planning firm formed in 2010 by a group of Financial Planners who share the same vision and love for what we do. Our processes, support team and the accreditation we have achieved all reflect our principles and prove that we are best placed to help you live the life you deserve with peace of mind.

Our Mission Statement

Helping People Live their Best Lives, by Making Smarter Financial Decisions.

Core Values

- At Penguin we Commit to our Words, Actions and Results
- Clients' Needs 1st – Always
- Communication is key
- Have Penguin Positivity

Providing the highest standard of advice is at the heart of what we do, and we are always extremely excited to see what we can help you to achieve in the future!

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