



# Built To Last

## A Framework for Success

Iain Beresford for Guernsey Chamber of Commerce  
Tuesday 19 May

# BUSINESS SURVIVAL RATE OVER TIME

20%

2 years

50%

5 years

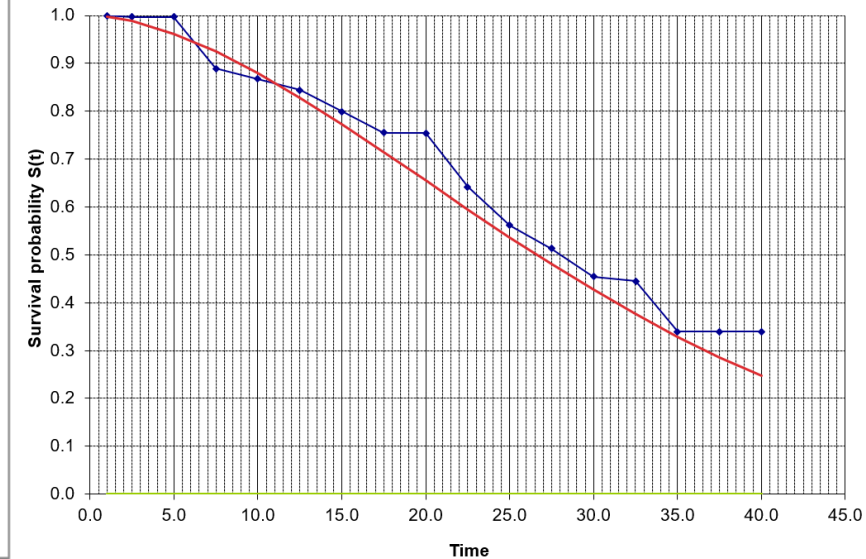
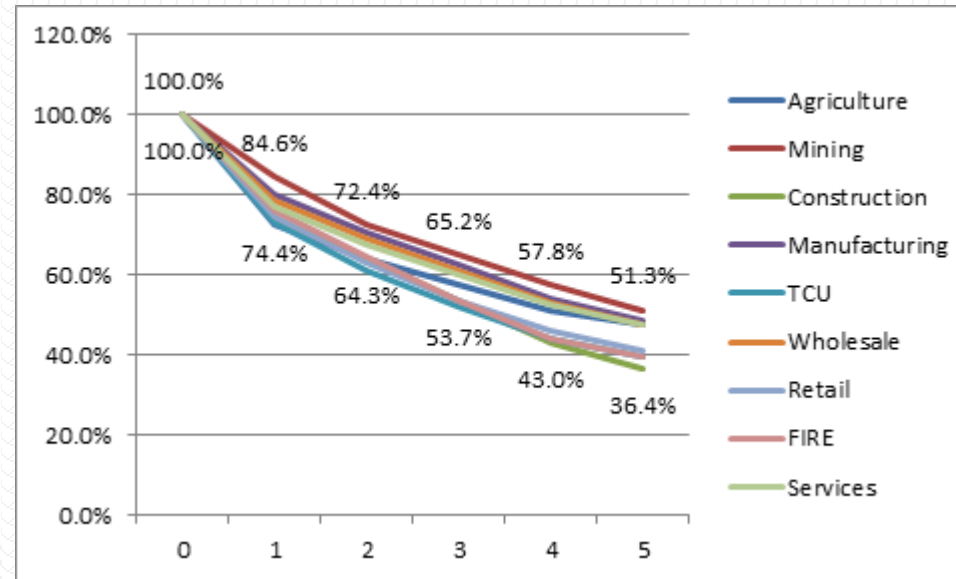
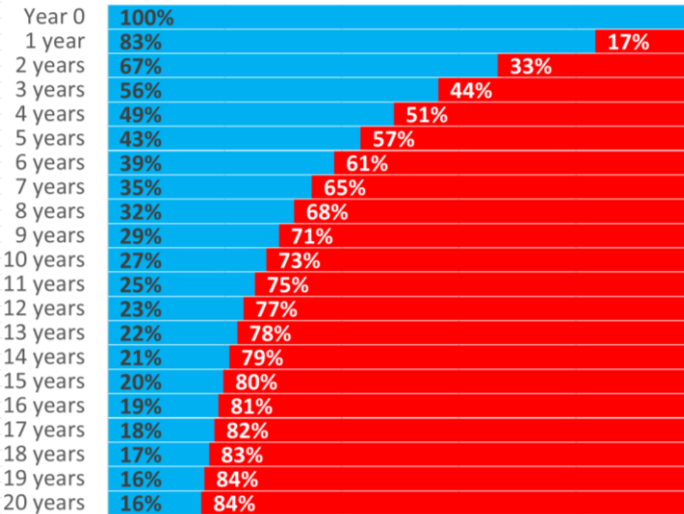
65%

10 years

73%

15 years

■ Survival rate ■ Death rate



## COMMON STATISTICS

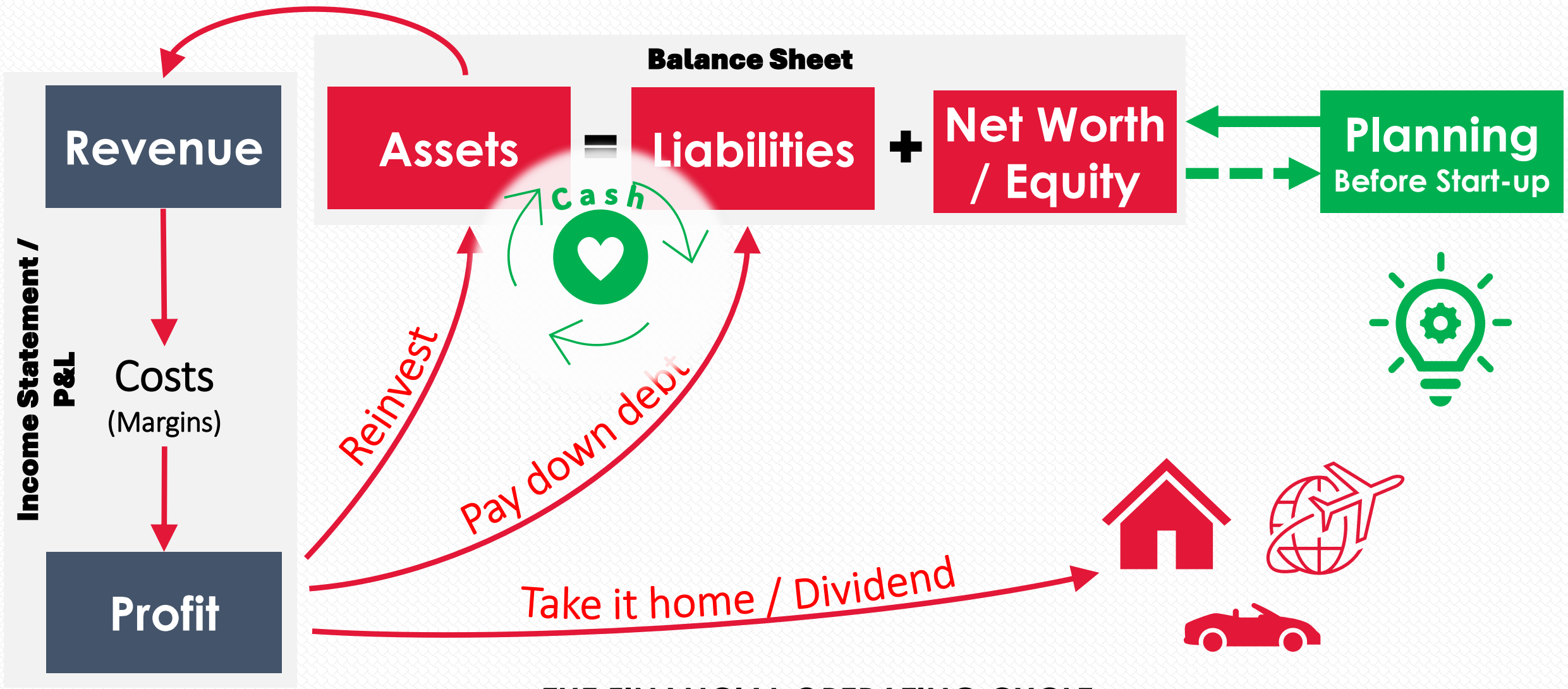
COMMON CAUSES, COMMON TO EVERY BUSINESS

# BROKEN WINDOW THEORY



**EVERY DECISION, MADE BY ANYONE, AT ANYTIME**  
BEHIND EVERY NUMBER THERE'S A STORY... WHO'S WRITING YOURS?

# COMMON FRAMEWORK



**THE FINANCIAL OPERATING CYCLE**  
THE JOURNEY OF EVERY POUND IN YOUR BUSINESS

# BUILT TO LAST

## Drivers of Business Success

### 01 Plan as a discipline, not an event

Maintain a live forecast. Stress-test your assumptions with scenarios. Build early warning systems before you need them. Ensure your proposition and positioning is still valid. Understand your customers and markets. Remember: everything can change!

### 02 Monitor your financial position - always

Understand your financial statements and the story behind every number. Use key metrics and ratios to monitor your business in 'real-time' and recognise the signals. Set benchmarks and make informed decisions with confidence. Scorecard v Report-card.

### 03 Understand the relationship between price, volume and costs

Understand your margins, your breakeven, your contribution and the impact of discounting. Price with confidence. Know what sales are needed to hit target profit. Control your business as it grows.

### 04 Understand how the difference between profits and cash

Never be surprised by your bank balance. Profit is and malleable accounting measure. Cash is reality. Revenue doesn't mean cash received. Timing differences create cash pressure, even when profitable. Low margins increase risk

### 05 Manage cash and working capital actively

Your cash conversion cycle is a lever, not a fact. Get paid faster, pay suppliers intelligently, turn stock and work-in-progress quicker. Take and give discounts knowing the true cost. Keep the heart of your business healthy. Negotiate terms.

### 06 Manage growth and scale sustainably

Build a commercial engine first, not a contact list. Model the cash cost of growth before you hit the accelerator. Know whether doubling sales creates cash or consumes it. Plan for additional complexity, more customers and cost impacts..

### 07 Borrow Properly - Match your finance to its purpose and term

The life of the loan should equal the life of the asset. Understand your capital structure. Use working capital facilities for working capital. The mismatch is where structurally sound businesses quietly build the conditions for a crisis.

### 05 Build a business, not a job

Grow with the business – know when intuition is not enough. Delegate earlier than feels comfortable. Don't be a signal point of failure across everything. Busy isn't always better. The business should be able to run without you - and be worth something when it does.

### 09 Build and lock in value with exit in mind

Know how a business like yours is valued. Make decisions today that build the things a buyer - or your future self - would pay a premium for. Build in systems, lock in value with the right story. Plan for your exit – early!

**THANK YOU**

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