

## **Networking - the Way of the Future**

Running a small business these days is no mean feat. Far from it. In fact small business owners today need very diverse skills and considerable expertise - not to mention many more hours in a day - just to survive. It's little wonder we keep seeing so many businesses collapse.

You have to find a smarter way to do business.

Give some thought to networking. Networking happens when a group of enterprises get together to pool their talents and resources to obtain results that otherwise would be impossible.

This is an ideal way to glean useful skills and expertise, as a group of people can bring a huge number of different skills to the table. But the real gains are to be made in forging links with other companies - your combined strength or clout may open up opportunities not available to single entities, for example in developing new markets both domestic and export.

Think about it this way. You might see a fantastic opportunity to market your products internationally, but because of your size you just don't have the resources to develop it. With the support of a network you're likely to have a much better chance.

Like many small to medium-sized enterprises, your business may have limited resources, limited skills, limited capital base and insufficient critical management skills to be truly international. But the strength you gain from a network, which brings together different skills, resources and more capital, could offer the support you need to clinch the deal.

## **Model of the future**

Many commentators believe that formalising networks is your main chance of surviving long term in business and will be the business model of the future.

It's not about giving away your trade secrets to your competitors, or stealing customers from each other. Networking is about collaborating for a shared result - to achieve business success and, potentially, increased profitability.

Some businesses form networks to increase their buying power or to get access to a broader range of financial and human resources with which to expand their businesses.

Others may have machinery which has excess capacity. Members of the network could make use of the plant and therefore reduce its idle time.

Another significant benefit to small businesses is that by putting together the individual items and services produced by each firm, you create a product that none of the members could have produced on their own.

Where franchising takes one idea and makes it work, networking takes small diverse units with different philosophies, products, and programmes and finds areas for collaboration.

There are many ways in which businesses of all sizes can benefit from being involved in a network. Of course, everyone in the network needs to be able to gain from the opportunity. One of the first things to do when you establish a network is to clearly define the common goals and objectives to be achieved so that being part of the network will be advantageous to everyone.



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## Next Steps - When You Want to Form a Network

Forming a network often follows these phases:

**Promotion** - a promoter (this could be a businessperson or someone from a Government agency, an industry organisation, accountancy practice or a lead firm) raises the idea of a group of enterprises coming together to take advantage of a market opportunity. The first meeting looks at the advantages and disadvantages of forming a network.

**Development** - participants consider and decide on all the essential issues in establishing the network, such as common goals, objectives, market opportunities and so on. Guidance from someone experienced in networks can be helpful during this stage.

**Management** - when the network has started operating, a network manager is normally appointed by the participants.

A network needs to:

- Agree on common goals and objectives
- Make a formal business plan
- Gauge the market opportunities and how they can be grasped
- Get genuine commitment from members
- Appoint someone to champion the cause and coordinate the group
- Decide on the structure and ownership early on
- Establish rules on how decisions will be made, how new members will be approached and so on.

Your accountant can provide a lot more information about forming networks and might be able to put you in touch with other interested parties.



## Why Network?

Networks are formed to:

- Share knowledge, information and ideas
- Improve performance and efficiency
- Share market intelligence
- Share costs of market investigation, production, research and development
- Share market entry costs which might otherwise be prohibitive to individual enterprises
- Improve opportunities to meet customer demand for product and services.

## Examples of Business Networks

- Organisations banding together to jointly tender for projects.
- Companies experiencing similar problems with storage and warehouse capacity.
- Businesses seeking to group together to acquire greater purchasing power.
- Firms having a common need for a specific piece of equipment.
- Representation into new markets.

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*Be sure to read each article with the mindset “How this could apply to our business”. Thinking of it that way will guarantee that you get value. Also make copies for each team member. To really make sure something positive happens, work with your business development specialists to talk your team through ideas.*

## **Keep Reviewing the Business**

When was the last time you checked performance against your business plan?

The business plan needs to be under continual review to make sure you are successfully implementing each planned stage. It won't be any use to you unless you use it.

By writing a business plan you've taken the time to plan in detail what your business goals and objectives are - it's a living, working document, not something to be filed away and then dusted off for review in a couple of years time.

This concentrated thinking, discussion and debate is the key to the formulation of a workable and achievable business plan. And as long as actual performance is monitored against it, the plan should significantly assist in the long-term survival of the business.

Ideally you should review performance on a regular monthly basis, or at the very least on a quarterly basis. Ask the fundamental questions:

- Where are we?
- Are we heading in the right direction?
- Will we achieve the goals and objectives of our business plan?
- Should we review pricing structures?
- What has been the effect of the consumer price index increase?
- What has been the effect of price rises in our particular business?
- Should we raise our prices?
- Should the gross profit percentage be higher?
- Have we got empathy with customers?

On an annual basis you need to compare actual financial performance to the budgets and cash flow forecast. Ask:

- How did we perform?
- What went wrong?
- Have we learnt from the mistakes?
- Did we exceed budget expectations anywhere? Why?
- Can we capitalise on these improvements?

A valuable assessment is to compare your business figures to industry statistics (ask your accountant about obtaining this information).

You'll also want to know: What is the general business climate in your area? Is it conducive to your type of business? Should you be expanding, drawing back or diversifying? What is the status of your investment in stock?

Don't forget that the business review should also include an appraisal of what has been happening within your team. You need to look at:

- Recruitment
- Training and development
- Meetings
- Employment agreements
- Wage/salary reviews.

Use your business plan as a day-by-day, week-by-week, month-by-month reference point to compare where your business is against what you planned it to be. If there are any deviations, immediately investigate them and try to take corrective action.



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### **An important Message**

*While every effort has been made to provide valuable, useful information in this publication, this firm and any related suppliers or associated companies accept no responsibility or any form of liability from reliance upon or use of its contents. Any suggestions should be considered carefully within your own particular circumstances, as they are intended as general information only.*

## **Best Practice in Human Resources is Best for Business**

An essential ingredient for a successful business is creating an excellent workplace which attracts people with a positive attitude and who are motivated by working for your organisation.

It is the people who work for your business who create the difference and give the business a competitive edge. The better-trained, motivated and rewarded people are, the better the organisation will perform.

Forward-thinking business people continually invest in their team. They provide opportunities to employees so they can further develop their skills and talents through additional training.

They provide a safe work environment with no discrimination and with proper regard to the dignity of individual employees.

It's about achieving best practice in human resources but you'll only manage it if you have defined your business vision. Not just your vision for what you're going to make and who you'll sell it to, but your vision of who is going to help you reach your goals and how you are going to help them do this.

Your vision towards human resources is essential to your business success and includes issues such as:

- The type of people to be recruited
- The training and professional development you will offer
- How you will keep the team motivated
- How you will encourage teamwork
- The way you will communicate
- Your style of leadership
- How you will appraise performance and give feedback.

## **Job satisfaction**

Keeping excellent employees is not just a matter of throwing money at them. Employees want to be content in their positions doing worthwhile jobs. You need to talk to them, find out what's on their mind and how you can make their role in the organisation more desirable.

And don't just talk to other management employees - you need to be seen at the coalface. This is where your team invariably deals with customers. How do you expect these employees to communicate with your customers and keep them happy if management never communicates with them?

You don't want to lose great employees. But you might need to develop strategies to retain them, which would include:

- Treating employees as individuals and involving them in decision making
- Trying to hire internally first
- Continually offering training and skill improvements
- Discussing career development opportunities with your team/staff
- Encourage a life/work balance and being flexible on issues such as parental leave, job sharing, part-time work
- Developing a supportive environment where employees feel they can openly discuss problems with management
- Creating a team culture where employees participate together in sporting teams, social club events and social evenings
- Reviewing salary packages and other benefits at appropriate intervals.

The greatest asset of a small to medium-sized business is a well-developed and loyal team. Whether it emerges will depend on whether you, as the employer, have instigated best practice in human resources.

