



BARBADOS
INVESTMENT &
DEVELOPMENT
CORPORATION

BIDC SMALL BUSINESS GUIDE 04 |

Managing your Small Business



Good management is the key to the success of all businesses.

For small business owners/managers, it is nearly always their greatest challenge and therefore they should avail themselves of as much of the appropriate management training as possible, to better equip themselves to meet this challenge.

Here we will identify the key areas on which you should concentrate in running your small business.

Identifying Opportunities & Challenges

Having started your business, it is quite easy to become complacent with this achievement but you should bear in mind that the business environment is always a dynamic one and therefore, changes affecting your business

will continually occur. How readily you identify and deal with any opportunities or challenges will determine how successful your business becomes and in some cases, even whether or not it will survive.

Below are some aspects of business, which you should monitor, so that you are in a position to identify any opportunities and challenges, which may occur from time to time:

New and improved approaches to providing your product or service. *(Periodic market surveys will help.)*

Expanding your product lines. This will strengthen your revenue base, improve your market profile and your business' chances of growth.

New and more reliable sources of raw material. This will help in upgrading your product quality.

Tapping into any regional markets. Once you have exhausted the local market, you should carefully investigate opportunities in the regional market.

Tapping into extra-regional niche markets. *(It is only advisable that you attempt this when you are sure that you have the capacity for satisfying the specific market.)*

Changes in trade regulations in the markets in which you are currently supplying or are desirous of supplying your product/service.

The activities of your competitors.

Planning

Planning is an essential management tool which should be used regardless of the size of a business. The owner/manager of a small business is very often the 'chief cook and bottle washer' and so the time available for the planning process may be very limited but planning must never be neglected. Doing so is often the reason many small businesses stagnate or fail.

Here are some tips which can help you plan successfully:

Fix a definitive planning period (e.g. weekly, monthly, quarterly).

Understand that good business planning is a continuous process and not a 'one off' activity. It must therefore be done periodically and systematically.

Determine the true human resource needs of your business. Full time support staff may not be necessary if you can engage the services of a provider, such as an accounting firm or consultancy.

Have a good buffer of 3 to 6 months of cash to cover needs.

Develop a marketing strategy for your products or services*.

Work out an operational budget and stick to it as far as possible.

Plan carefully for any future expansion. (e.g. Capital expenditure, increase in staff complement, raw material requirements, etc.)

*See Small Business Guide 3

Organising

A well-organised business is naturally more likely to succeed and grow than a disorganised one. Managing it will also become a lot easier. It is imperative that you pay attention to and implement the following:

- Determine the work schedule best suited to your operation. (e.g. Standard work days, shift system, etc.)
- Determine the best method of employee remuneration (e.g. Piece rate, hourly rate, weekly rate, etc.)
- Structure your operation's work flow in a logical sequence. This will minimise waste and maximise efficiency.
- Clearly define and communicate to each employee the particular function expected of him/her and provide them with the appropriate training to carry out that function.
- Regardless of how few people your business employs, prepare an organisational chart which clearly identifies the chain of command within the business and make sure the

employees know what it is.

Determine the focus on the key areas of your operation, whether they be the production process, marketing, quality control, public relations, etc.

Keep adequate and up-to-date records as well as any other records which will provide you with critical information for your decision making.

Training

In the final analysis, the efficiency of any business is dependent on its employees. Well trained and satisfied employees will ensure the efficiency of your business. To ensure this, you should:

Identify where training is required and make sure that it is provided.

Before any new process is introduced, the respective workers should be appropriately trained.

Quality Control

Whether or not your product or service is in great demand will depend largely on its quality. You should therefore make sure that the highest possible quality is maintained at all times by:

Using the best quality materials where a physical product is involved and building into your production process an appropriate quality mechanism.

In the case of providing a service, make sure your employees are very well trained and they are the most suitable people for dealing with the customers.

In all cases, have a mechanism in place for receiving and dealing with consumer feedback on your product/service.

Measuring

Your business should have clear and identifiable goals and objectives and periodic assessments must be made as to whether they are being met.

The following are some of the areas where measurements can be assessed:

Budgeted revenue and expenditure should be compared to the actual revenue and expenditure at intervals.

Profitability should be measured and analysed from time to time.

Productivity should be measured and analysed in respect of the utilisation of your business' resources in relation to output either by individuals or departments.

Where targets are not being met, corrective action should be taken promptly.

Growth & Development

In today's competitive business environment, there is no such thing as "standing still". If all other businesses are going to grow and yours is not, then in effect, yours is going backwards.

You should therefore develop and implement a growth and development strategy for your business.

Clearly identify what improvements can be made to your existing product/service.

Assess the financial implications and feasibility of any such improvements.

Determine how and when you will make the desired improvements.

Take any necessary changes relating to such improvements into consideration in your planning process.

REMEMBER a well managed business is like a well oiled machine, with proper supervision they will both run smoothly and be more productive.

How can we Help You?

CONTACT US TODAY!

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