



How to Check the Health of your Business

Constantly testing your business is not being paranoid. It's essential. Here are some strategies to really get to know how healthy your business is, beyond the balance sheet.

Continually test, test, test your products and services

Bruce Keebaugh, founder of catering group The Big Group is flat-chat with expansion plans for his 21-year-old Melbourne catering business.

Keebaugh likes to put every aspect of his business under scrutiny every day. When he arrives at the Capital Kitchen, Keebaugh immediately starts inspecting the food displays, how it all looks, from the dusting on the doughnuts to the stacking of water glasses, he checks the bathrooms and also sizes up staff, their grooming and their energy.

"They are touch points for the business," he says. "Someone always needs another drink or their coat put away. Everything is never fine. There is always something that needs doing."

Know your vital signs - they are unique to each business

Sean Spence, director of consultancy Sean Spence & Associates, says it is crucial to understand the core currencies of your business.

"There is no value in a retailer thinking that the most important measure of a store is how many people come through the door, if they are coming in to check out the item, go home and buy it on eBay."

Each business must identify its own vital signs. Metrics such as Intellectual Property (IP), reputation, engagement, even the way staff communicate in meetings can be critical measures of business health.

Make sure everyone knows what's being constantly tested

At leading beauty spa, Aurora Spa Retreat, testing is constant says Aurora's general manager Jason Cook. "We need to test ourselves all the time, you can go off track relatively quickly," he says.

All staff members are measured on a range of indicators, from revenue targets and personal performance through to team morale. Staff members get to score their manager out of 10 each month too. The results are shared month-by-



month. The monthly reports also include Aurora's general manager Jason Cook's inspection of every treatment room, relaxation area and bathroom in the spa.

Get addicted to feedback

Fashion stores Witchery and Mimco are constantly being tested, under the watchful eye of chief executive Iain Nairn, who has decades of retail and management experience behind him.

Feedback from every store is collected weekly; customer's views on products, quality, fit and style are constantly sought, through the stores, via online surveys and focus groups.

The company performs what Nairn calls "brand health checks" that are a combination of focus groups, exit surveys (from customers after they have left the stores) and online research.

Witchery customers seem to love all this surveying, with 10% of its database responding to a 70-question survey.

Apply stress tests

To take things to extremes, Rai Chowdhary, author of the Ten Mistakes of Risk Management likes to apply a series of worst-case tests to businesses. For example:

- assume all existing customers switch, starting tomorrow. What strategies will be used to manage the business going forward?
- how will the business meet its obligations if the bank/mortgage company changes the rules of them, asking that all debt be repaid in five years or less?

Align testing with you objectives

CompliSpace tests SME businesses, making sure companies' staff and systems are keeping up with regulatory changes, know their corporate governance and know how to manage risk.

According to Andrew Griffiths, the founding director, business owners are failing to test staff enough on critical compliance areas such as whether staff are clear on the company's objectives.

"They absolutely don't do enough," he says. "This is extremely risky as it suggests that staff may not be doing what they are meant to be doing. This



disconnect between company objectives and the way staff see their roles in the business can be disastrous.

"If staff don't understand the objectives, how can they understand where the business wants to go?" he says.

Don't be tempted to focus on business strengths and push aside the weaknesses

"People forget about their weaknesses," says Tony Fritsche, director of recruiting firm The Mint Group. "If the market is saying there are weaknesses, you have to listen to that and if you don't fix it, you don't have a business."

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