



PLÉSONA

BUSINESS ADVISORS

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How adaptable is your business?

How much like a chameleon are you?

They say that change is the one constant that we can be certain of in business. But how do we cope with change in the business environment? In a perfect world, we would like to think that change would be easy and quick. But this is rarely the case since it can be very difficult to anticipate any change that may be required by your business. The Covid Pandemic has put this to the test for the majority of businesses across the world, and we are not yet finished with the effects of those dramatic changes. Well done, if you have survived so far but don't think that the process of change is over. One useful thing to do is to reflect on the changes that you have had to make over the last 18 months, how quickly you were able to adapt the business to these changes and what does that mean on a permanent basis as this pandemic slowly nears its end. For many companies, it has been the awful process of putting employees on furlough, closing shops, pubs and restaurants and seeing many of their staff ultimately leave for brighter pastures. For others, it was having to provide computer equipment to staff so they could work from home. For many bosses, there was the anxiety of looking at dwindling cash flows and trying to adjust the business to a new way of doing things. Some businesses had enough cash to simply shut the door and wait for the pandemic to be over. But these were the minority. Many owners had to adjust to managing people based on their output from home and not the number of hours they spent at their desk. Much of this has proved stressful to employers and employees alike. But what are things going to be like as we near the end of this period of upheaval? We see all the shops and eateries open again, but there are staff shortages in many countries as those who were on low wages have opted to move to other employments. Office workers are on the way back to the office and are already complaining about the traffic. But many have also gotten used to working at home, not commuting or spend money on fuel and lunches. So the changes are still happening and we are not sure when it will stop. Most people now recognise that we are not going back to 2019 and that there will be a new norm. And then, inevitably, it will all change again. We don't know how or when, but when it does happen, will you be ready to roll with the punches?





Salespeople

Recruiting and Managing

There are many great salespeople across the world, but there are also many bad ones. So it is important to select the right salespeople and then manage them properly. Selection is not easy. Many non-salespeople have a picture in their head of what a good salesperson looks and sounds like and they are usually wrong. The only thing that can act as a guide is the person's track record of success. Even that is difficult as CVs are pumped up to impress you. The next phase is the probationary phase of employment. Set clear and reasonable targets. Make sure the new salesperson understands the product or service and observe their interactions with customers and prospects. If there are warning signs of underperformance, address them quickly and directly. Many new salespeople will need time to adapt, but they should know the basics about clear communication and understanding when they are receiving buying signals from a customer. For established salespeople, the issue can be living on past glories. Yesterday's customer contract is history. What did the salesperson do for the business today? Ultimately, measuring success has to be all about performance. Hiring experienced salespeople can be expensive so that investment needs to wash its face. Otherwise, the business is wasting valuable resources.

Settlement Discounts

Many smaller businesses offer their customers settlement discounts in exchange for early payment, but is it something you should or shouldn't do? Many small businesses do not have easy access to funding or the cost of borrowing can be very high, so offering settlement discounts is a way of getting your hands on that magic cash flow. But there are things that you should be very careful about. What happens when your customer takes the settlement discount and still pays you late. In theory, you should ask for the settlement discount to be returned, but that can be a very difficult process especially when you are dealing with a very large firm many times the size of your own. Settlement discounts can prove to be very expensive. For example, if you offer a 1% discount for payment in 10 days when the usual payment term would have been 30 days, you are paying the equivalent of more than 18% at an annualised rate of interest for being paid 20 days early. That is very expensive by any measure and much more expensive than the overdraft rates charged to businesses by most European banks. There will still be situations where offering a settlement discount is a good thing to do, but be wary of large businesses that may take advantage of your generosity and the cost of credit that you are incurring.



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