



PLÉSONA

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Investment Decisions

No one would argue that it is necessary to invest in order to receive. But that does not mean that all investments turn out to be wise decisions. But should be the basis of an investment decision? Any good investment should be capable of generating a return on investment that is better than the alternatives and be at a level of risk that is acceptable to the investor. Therefore gambling is usually a bad investment since it is very high risk and is likely to provide a bad return. But it's not always that straight-forward. Sometimes the investment is necessary. For example, you cannot run a coffee shop with a coffee making machine. But there are many types of machine that will make various different coffee drinks at a certain speed. The investor must assess whether the specific machine to be bought is sufficient to service the business requirement. It is equally important not to over-specify the requirement. In this case, there is no point buying a machine that is a lot bigger than you need. Computers are a classic area with this over-specification problem. Computers can do many things, but if all you want to do is manage email and surf the web, a cheap computer will probably do. If you want the same machine to solve complication data computations or produce high-end videos, you will probably need something more powerful. Once you have made the decision on specification, the next question is how to determine whether the investment is a sound financial proposition. So if I buy that computer, what extra business will it allow me to do that I couldn't have done without that equipment. That extra revenue should be enough that it creates additional profits that are greater than the cost of the original computer and the maintenance of the asset. If not you shouldn't buy it. The calculation will quickly tell you whether it is a toy or something that is really required. And what is the risk of the investment? You won't get a lot for a used computer if it turns out you didn't need it. The coffee machine will be different as it will probably have a better resale value. So if business were to decline, you may be able to sell it and get a smaller one. The one thing that is very important with all investment decisions is to track the business case after the asset is purchased. In the case of the coffee shop, did you sell more coffees and get more customers as a result of the investment. This may feel like measuring how long it is since the horse bolted, but it will be important information that will temper your optimism when you get the stage of making the next investment decision.





What makes a good website?

There are an estimated 1.7 billion websites out there covering every imaginable subject you can think of, but which ones are effective? This is a big problem for many businesses who have an idea of having a professional-looking website and are bombarded with offers from website developers as to what they can do for them. The very first thing to understand is what the website is supposed to do. Is for information or is it a shop? Are you looking for upmarket customers or are you trying to attract people who use smartphones? There are many other criteria, but you need to be clear on what you want the site to achieve. There are also some straightforward technical points. The more graphics and video that you load to your site, the slower it will load. This is a particular problem for sites aimed at smartphone users. If you have a website already and are thinking of upgrading, ask your customers what they have used your website for and that will give you some important insights. Only at this stage should you engage a developer. The clearer you are about what you want and do not want, the better any developer will be in what they produce for you. In summary, if you learn to ask better questions, you will get much better answers.



Customer Tenders

Winning business at the end of a tendering process can be very satisfying and is a big boost to the ego of any SME. But there is a great danger that a lot of effort and cost may be expended in losing a tender when there was always a strong likelihood that you were mere cannon fodder. The very first thing to understand is why you have been invited to a tender process. If you have a relationship with the customer already, that is a good sign that you may have a decent chance of winning. Even better is where the customer has asked for your input to compile the tender document. Then you have a real chance to spoil the process for your competitors. If those two things are not true then it is possible that you are just making up the numbers, or that you have a customer that isn't quite sure what they want. In the latter case, it is quite common that no choice is made by the customer and everyone's time was wasted. Assuming that you have now accepted the invitation to tender, you should always ask who are the opponents against which you must compete. If you know your market well enough, that will allow you to position your key selling points with the customer. The danger is that the customer perception of your key selling points is different than yours, or they are just after the cheapest price. There is also a danger that you may spend money on accreditations or elements like public liability insurance and then lose the tender. It is worth being careful with these processes as the majority will always lose.



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