

# A CEO'S



**MOST POWERFUL**

# BUSINESS TIP

**AND HOW TO USE IT**

**John Strange**

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# A CEO'S MOST POWERFUL BUSINESS TIP AND HOW TO USE IT



## INTRODUCTION FROM JOHN STRANGE CEO OF YOUR BUSINESS FREEDOM

One of the most frequently asked questions that I receive after running a seminar or making a presentation is “what would be your number one business tip, John?”

Generally, I begin by telling them that there is no silver bullet, that there is no one answer to getting a business running at the optimum level.

However, I do believe that there is one fundamental factor that is common to the vast majority of businesses.

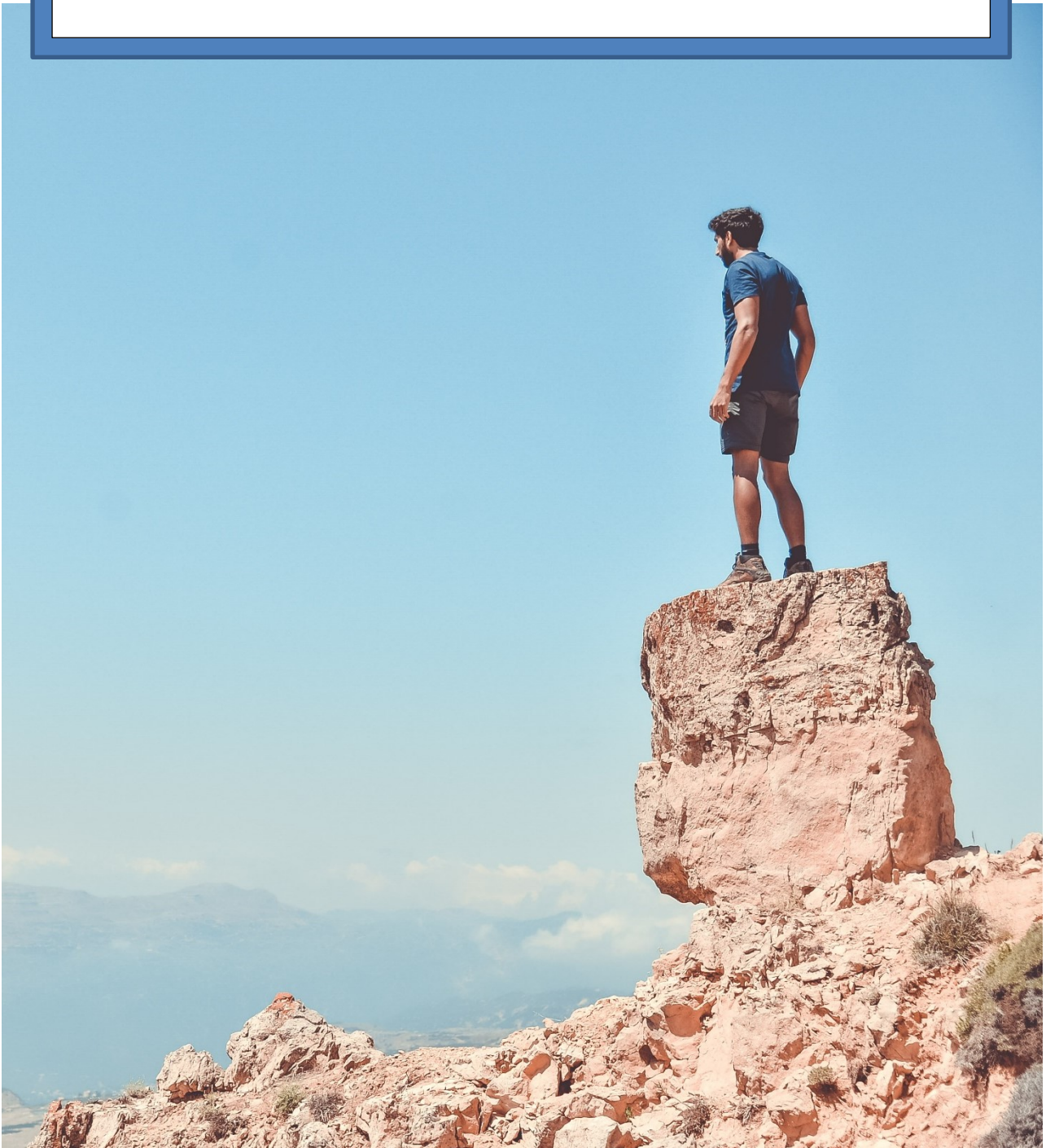
So, in the next few pages, I want to try and lay out for you what that fundamental aspect is that you will find in all successful businesses.

But before I start, let me make it clear that this article applies just as much to a start-up as it does to an existing business.

You’ll probably need to do some adjusting to the advice, depending on your situation, but this advice is common to all businesses.

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IF YOU HAVE A CLEAR VISION  
BUT LACK UNDERSTANDING AS TO  
WHY YOU ARE TRYING TO ACHIEVE IT,  
THEN THE VISION WILL LACK POWER







# 1

## CRYSTAL CLEAR VISION

Out of the thousands of businesses that I've dealt with over the last 40 years, plus all those that I have read about, the one common factor that I have discovered amongst the successful ones is that the owner/CEO can tell you actually what it is that they are trying to achieve.

The vision is so clear, it's almost tangible; you can almost reach out and touch it. They also clearly understand why this vision is important to them.

If you have a clear vision but lack understanding as to why you are trying to achieve it, then the vision will lack power.

Let me give you a very simple analogy.

I live in Cairns, in far North Queensland, Australia. Now, let's say I had a vision to go to Perth, in Western Australia, in October 2018.

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Now, this is a very clear vision, but it has very little power if I don't know why I want to go to Perth.



If I added to my vision the fact that I'd heard so much about the wildflowers that grow in the spring in Western Australia, and I really wanted to see this wonder and photograph it, now my vision takes on some power.

It will still depend upon how much I want to see those flowers, but it would be pointless drafting a vision such as this unless it was important to me to achieve it.

Okay, the last point I would like to make about having a clear vision is to make sure that your vision serves some higher purpose and is not just about making money.

*If you're in business, obviously you need to make money, but the money should come as a consequence of serving a higher purpose.*

Let me tell you a story about a friend of mine, to try and illustrate what I'm talking about.

This friend, from the age of about 20 onwards, had a clear vision that he wanted to retire at the age of 40, with \$1 million in the bank (and in investments). If we look at the vision it is quite clear in terms of what he was trying to achieve, and when he wanted to achieve it by.

He achieved his vision by the age of 40 and spent his 41st year in retirement - thoroughly miserable.

Why was he so miserable? It has always been my belief that it was because it was only about money. It served no higher purpose either for him or anyone else. Certainly, we all need a certain amount of money, but after we reached that point, it doesn't make us any happier and fails to give us any real sense of purpose.

I could go on at length about what more you need when you are constructing your vision, but I think we'll leave it there and move on to my next point.



## 2

## WHAT WILL MY BUSINESS LOOK LIKE?

The first part of your vision is to work out what it is that you're trying to achieve and why that is important.

The second part of preparing your vision is to be able to describe what the business will look like when you are there, your vision has become a reality.

Having said that, in a dynamic business you will find that this image will evolve over time.

The business may change, in fact, if you are to survive then change is necessary, but the vision should remain the same. If the business becomes stagnant, like most living organisms, it will die.



# 3

## WHAT HELP DO I NEED?

If you're going to build a business, then, by its very nature, you will need to build a team around you.

If it is only you, then it's not a business; it's merely a job.

So, who will you need to help you on this journey?





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***“IF YOU ARE TO SURVIVE THEN CHANGE IS NECESSARY, BUT THE VISION SHOULD REMAIN THE SAME.”***

The first step to determining what help is needed is to first figure out what your strengths and weaknesses are.

What roles within the business will be the most applicable for you to fulfil.

Now go through and work out an organisation chart, with all the roles shown, as they will apply when the business is fully functional.

It may be the case, in the early days, that you are filling a role for which you are not really suited.

Go through those roles, where you don't really have the necessary skill set and highlight them. These will be the positions that you will fill as soon as you are financially able.

As you go through these roles, work out whether you actually need an in-house employee or whether you can outsource this work.



*Outsourcing has become a great way of getting jobs done in a cost-effective manner, given the cost can be much lower if the task can be done overseas.*

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Outsourcing can take the form of a permanent employee, or a task can be outsourced on an ad hoc basis.

Using a mixture of these two options, you can reduce your fixed costs and move them across into variable cost. This greatly enhances your ability to make a profit.

If you are not familiar with the concept of outsourcing and need further information, then contact us at the email address shown at the end of this article.

One final step in this process is to make sure each one of the roles has a detailed job description associated with it.

It's also a very good idea to link the job description to a file either describing or showing how each one of the associated tasks is to be carried out.



Previously, this would have been done using written descriptions, however, with the advent of the smartphone, it is much easier to film the task being undertaken in the manner you want to use as a standard.



# 4

## WHAT ABOUT THE MONEY?

If you think the previous parts of this article are tricky, then figuring out money matters will certainly tax the old brain.

It doesn't matter whether you're in the start-up phase, or whether you are running an existing business, getting this next part right is absolutely crucial.

I've seen far too many profitable businesses fail, simply because they have not done their homework on money matters.

If you have an existing business, it can be a little easier for you to do this next stage, simply because you have past history to call upon.



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*“THIS IS  
WHERE WE  
LOOK INTO  
OUR CRYSTAL  
BALL OR  
CHECK OUT  
THE GOAT’S  
ENTRAILS, TO  
COME UP  
WITH A  
FORECAST  
FOR AT LEAST  
THE NEXT 12  
MONTHS”*

However, this in itself can be a danger, because there can be a tendency to believe that the future equals the past and, if you are looking to improve the business, then that’s not what you want.

So, whether we are a start-up or an existing business, we must enter the world of ‘guesstimation’.

*This is where we look into our crystal ball or check out the goat’s entrails, to come up with a forecast for at least the next 12 months and possibly longer.*

Now, this may all seem a little silly, given that it’s based upon guesswork, but it will form the most important tool for us to monitor our progress and avoid catastrophe.

This forecasting should be done on one sheet of paper, preferably placed in a plastic sleeve to keep it clean and tidy and be reviewed at least monthly against our actual performance.

If you do not know how to construct one of these, then shoot us an email to the address shown at the end of this article.

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The other important function this exercise will do is show us what our funding needs are.

This is an important matter, whether you are a start-up or an existing business. We need to know how much money we are going to need and what is needed.

Once this information is available, we can then find suitable sources of finance at the best possible rate, rather than scrambling for money, when we are in desperate need of it.

The former is far less stressful and costly than the latter.



*The budget that I've been talking about so far has been essentially a Profit and Loss Budget.*

There is also another type of budget, and this one is called a Cash Flow Budget

One of the things that happens when running a business is that there is very often a time difference between when a cost incurred and when you, as the business owner, receive payment. This is very often where businesses get it very wrong and fail, not because they are not profitable, but simply because they run out of cash.

If you prepare a cash flow budget, it will add into the funding equation of how much extra money you need to bridge the timing difference.

If you would like a copy of a template to help you draft a Cash Flow Budget, then please email us at the address shown at the end of this article.

This is a subject to which I could devote a whole book to; in fact, many have, but, to keep this article reasonably short, we better leave it there.

# 5

## PAYING FOR ADVICE



This is one lesson that I wish I had learnt much earlier in my career. I once did a back of the envelope calculation on how much I thought it might have cost me by not understanding this earlier, and the figure came out at an astounding amount north of \$1 million.

Don't get me wrong, plenty of people offered me free advice. The trouble was either the advice was rubbish, or I didn't use it.

If you pay for the advice, you are more likely to accept it and implement it, simply because there is a value attached to it, because you paid for it.

The second aspect of this is that, if you are paying for advice, then the chances are that you're going to do some investigation as to how valuable this advice is likely to be. You're going to check out the advice giver and see if they have a good track record.

Don't stint on the cost, because if you pay cheap there is every chance that this is what you'll get. You can't pay for a Datsun 120Y and expect to receive a Mercedes.

You need to remember that you will pay the price one way or the other. You can pay the price of hiring a good quality advisor or you can pay the price of getting it badly wrong. I know from bitter experience how financially big the difference can be.



# 6

## SHARE YOUR VISION

The next point I am going to make does come with a qualification. Make sure that you share your vision with every member of your team and any others who may be involved in helping you achieve that vision.



Now, before I go on let me tell you the qualification. In the very early days of your vision, only share it with those that you can really trust.

I'm not thinking here about the situation where you are afraid that somebody else may steal your idea, but from the standpoint of making sure that the people that you shared your vision with are not the type that is going to trample on your dream.

The world is full of naysayers, people who do not want to see you get on. So, they will find every negative reason why you shouldn't or can't achieve your vision. These are the people that you need to protect your vision from, don't allow them to kill it before it had a chance to grow.

However, once your vision sees the light of day and you are ready to proceed with it, you need to share it with as many people as you can.

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"MAKE SURE THAT YOU SHARE YOUR VISION WITH EVERY MEMBER OF YOUR TEAM AND ANY OTHERS WHO MAY BE INVOLVED IN HELPING YOU ACHIEVE THAT VISION"

When you do this, what you'll find is you will get offers of help from the most unexpected directions. This help will provide you with the initial impetus to get your vision in place and to be ready to start taking action.

If people do not fully understand what it is that you are trying to achieve, then they can't help you get there.

Worse still, they may be pulling in a different direction, not to deliberately undermine you, but simply because they have formed the impression that you are trying to achieve something entirely different.

Have the vision written up, circulated to all your team members and any others involved in the business, such as advisors.

Refer to it often. Don't let either yourself or any of your support group forget what it is that you're seeking to achieve.





## ACCOUNTABILITY

We are coming to the end of my piece of advice, and, whilst it's near the end of this article, that should not indicate how important I rate it.

Right from the word go, you need to introduce accountability.

*This accountability needs to start with you, for if you do not hold yourself accountable, then you relinquish the right to hold others accountable.*

To have a culture of accountability, you need to have clear job specifications and clear processes and systems. I know I've mentioned these earlier in the article, but I'm happy to repeat them here, because they are so important and so often overlooked.

One of the very first things I check when taking on a new client is how clear the staff are on what the roles are and what systems and procedures guide their execution.

There is one step before this that I always do and that is to find out how clear the owner is regarding their role, because very often this is the start of so many problems.

*Business owners are notoriously poor in setting out their own job specification and then sticking to it.*

They frequently spend far too much time poking around in somebody else's job and not doing the critical things that they should be doing.

I could write a whole book on what the business owner should be doing, and many have, but suffice it to say that their critical role is not being done.



# 8

## CLOSE THE LOOP

To close the loop, you must introduce a system of checking on progress.

In any business that I've run, I made sure that we held regular team meetings.

Should you decide to do something similar, then let me give you this piece of advice; always have an agenda, stick to it, record all decisions made, put a time limit on the meeting and keep to it.

These meetings should, at the very least, check for progress against targets; progress on decisions made at previous meetings and finally, any other issues that the team feels needs addressing.





# 9

## SUMMARY

Each of the points that I have made in this brief article may well need further research on your part, because they are massive in their own right. I could easily run two-day training sessions on any one of them.

Should you need further information on any of this material, please email us at [admin@yourbusinessfreedom.com.au](mailto:admin@yourbusinessfreedom.com.au)

We have a library of all sorts of support material and videos that we can make available to you free of charge.

John Strange

Founder, Your Business Freedom

<https://www.yourbusinessfreedom.com.au>



## ABOUT THE AUTHOR

Having worked with small businesses for more than 40 years, one of John's greatest frustrations has been watching people giving their lives to their business, supporting their communities and providing employment, only to find that when it comes time to sell, either they are unable to, or unable to sell for what they hoped, and so their dreams get shattered.

John firmly believes that there are answers out there, and has made it his life's mission to help as many small businesses as possible to find these answers, taking back control of their businesses and finally achieve the freedom and the financial stability that they dreamt of.

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