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STEP 9 - Operational Strategy

In this step we consider HOW you're going to operate your Personal Business. Your MO or 'Method of Operation', the number of **hours** you're going to spend on the Business, **where** you operate from and how you **monitor**, or keep track of everything you do.

This step is primarily about YOU. What **you** are going to do and how. If your business will be involving other people in its operations then we'll look more closely at that later in the programme.

LOCATION

Let's consider first where you are going to operate your business and deliver your output as a client/customer benefit.

Normally it will be a choice between one of the following, but there may be other cases, especially if your business is partly 'mobile'.

- ☐ **I operate my business entirely from home**
- ☐ **I operate from home with occasional visits to customer premises**
- ☐ **I operate my business as a mobile provider with admin work based at home**
- ☐ **I require 'high street' retail premises to operate my business**
- ☐ **I require a workshop or industrial unit to operate my business**

Working from Home

There are some guidelines about this but also some rules depending where you live.

If you live in a rental property, the conditions of the tenancy normally prohibit you from 'running a business' from that property. Sometimes this is rigidly upheld, in other places it is relaxed to allow you to carry on 'administrative activities', but you may run into trouble if you advertise your home address as your business address.

If you live in your own property, check the Title Deeds as there may be covenants similar to those for a tenanted property or the prohibition of certain types of business - usually anything to do with livestock (which might include looking after other peoples' pets), or the motor trade.

Generally speaking, if you run your business from home but this involves a 'stream' of people coming to visit you, then this could generate complaints from neighbours (for instance about parking) and cause you problems with the Landlord or Local Authority.

If people are coming to visit you, or you are visiting them in their own homes for the purpose of providing a service (rather than just for sales calls) then you will need to take out some **Insurance**. This is dealt with in more detail later.

Mobile Services

This could include many things ranging from cleaning wheelie bins to car servicing, gardening and decorating.

Essentially you provide a service at the client or customer's home or premises and do your administration, management and marketing work at your home.

This is much the same situation as working at home so, according to the circumstances be careful of what you use as a business address.

Personally, I have operated business from home for over 40 years and never had a problem using my home address as a business address. I do know the 'tenant' situation is a little different and one way around this is to use an 'accommodation address' for your business which can be provided by your Accountant or a company specialising in this service.

Do NOT however be tempted to use a PO Box. It leads to all sorts of problems.

Whenever you can use your home address for your business address. It's transparent and open and honest.

Business Premises

This of course doesn't apply if you have business premises - that's where your business operates and that is the address.

It all depends what you do as to whether you need 'premises' or not.

It's likely that you will be running a business where people come to purchase products or services directly from you such as any form of retail outlet including restaurants etc. OR you will be running a business where a workshop is required for manufacturing or servicing products.

There are other types of premises dependent business but unless you are a 'high end' professional there is no point, at least at this stage, in going for a 'prestige' or 'executive' office space.

You may 'grow into' that in the future.

If you do have business premises there are a number of other considerations such as insurance, health and safety, fire regulations and so on which will be dealt with in future steps.

If you work from home, you are entitled to claim some of your costs against tax on your business.

If for, example you have a three-bedroom house with a living room and dining room and you use one room (or part of one room) as your office, you can then claim 20% of your heating and lighting costs against your business.

You can also claim telecoms costs, so if there are four people living in the house you can claim 25% of your broadband and landline charges against your business. If there are only two of you in the property that figure can go up to 50%. However, if you are on your own you should not claim more than 75% of telephony costs.

Mobile Phones - you have a choice - either claim half your mobile calls against the business or get a separate phone specifically for business purposes. The upside of that is that it keeps your calls separate but the downside is that you have to carry two phones around.

WARNING

DO NOT - under any circumstances if you are working from home let your energy or telecoms providers know that you are using their services for 'business purposes'. They will 'insist' on 'upgrading' you to a Business Account.

Not only does this mean that you will pay more (your energy will be subject to 20% vat instead of 5%) and lock you into a multi-year contract but it will present a significant obstacle when you come to sell the property.

It can take 3 months or more for the energy companies to redesignate a property and you, or the incoming occupant, has to **prove** that it is no longer being used for business purposes. They ask for quite a lot of documentation to do this.

Similarly, Openreach, who provide the national telecoms network will not redesignate a phone line from Business to Consumer until the contract has expired and any new occupant may not be able to get any provider to install domestic broadband until this has been done.

DO NOT install a business phone line at home. If you want a separate business number, then get a VoIP (Voice over internet protocol) line installed. These are much cheaper and have a landline style number which you can take with you to any location, even abroad!

Whenever possible upgrade your domestic broadband service to Fibre to the Property (FTTP) delivery.

Having considered WHERE you operate your business the next step is to look at HOW you operate.

Look back to Step 7 and now specify the number of hours per week you intend to be actively engage on your business or, if you like, 'working'.

I will be spending

_____ hours per week working **IN** the business

_____ hours per week working **ON** the business

_____ hours per week **OFF** and out of contact with the business

Now consider your 'trading hours' and 'operational hours', these are the hours during which:

- Customers can contact you or visit your premises
- Clients can book your time if you are providing personal services

Complete the following as applicable

My trading hours will be

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday

My operational hours will be

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday

My business will be closed during the following periods each year

You will need to set up some system for **'Time Management'** so that you can be clear about what you are doing when.

Initially you can use a paper diary or an electronic calendar for this.

How you manage and schedule your time will be covered in more detail later and we will provide you with a spreadsheet system for doing this at that time.

Method of Operation

This starts with a 'To Do' list - all the things that come into your mind you need to do. However, we don't call it a 'To Do' list, we call it a **DO LIST**.

The trouble with 'to' do lists is that somehow, we never seem to get round 'to' the things we need to do. It's a subconscious mind thing.

This list should be prioritised, and we use these criteria

Is it **IMPORTANT**? In other words, do other things that need to be done depend on it - you can't start them until you've done this.

Is it **URGENT**? In other words, does a delivery to a client depend on this getting done or is there some other external requirement on this being done 'now'.

Anything that's Important AND Urgent gets priority A

Important or Urgent get Priority B

Anything else gets priority C

Now here's the thing:

When you've completed your first Priority A task - reprioritise because things may have changed and go on repeating this process.

You may have heard of the concept or received advice to 'Do what you like least first'. This is good advice but only in the context of the prioritisation. Do whichever of your Priority A task you like doing least first.

Don't start doing other things which may be a lower priority category just because you're following that advice, but do start on other tasks if the thing you 'don't really like doing' is 'time-bound' in other words it can only be done at or after a certain time.

Along with your DO LIST you should also create a **DMO** (Daily Method of Operation) and a **MMO** (monthly Method of Operation)

There are certain things that you need to do every week and others that you need to do every month.

For the moment just note these on your Calendar or Diary - and it's a good idea to have all the key events on a Year Planner wall chart as well.

We'll cover this in much more detail later and provide you with templates.

TIMESHEETS

This becomes a bigger topic when you are working with a group of people in your business, but you should generate **your own timesheet** as well.

For your own benefit and for anyone who asks, you need to know what you have been doing and are planning to do on a daily basis.

For the moment keep it simple and just record in a journal or diary what you've done every day.

Don't leave it to the end of the day but record things as soon as they have occurred or been completed.

We'll provide you with a full timekeeping and planning system later.

MONITORING

This is about things other than the time or money you spend to operate your business.

There will be some key activities also known as **KRAs** (Key Results Areas) or **KPIs** (Key Performance Indicators) that are important, and it may be essential to your business performance that you know what these are.

Together they are your **Key Success Indicators**.

They are different for every type of business and we will discuss this in your next Strategy Session.

Now, for your own benefit, complete the following by ticking all the boxes:

I commit to

- ☐ **Spending the hours I have specified working IN and ON my business**
- ☐ **Setting up a prioritised DO LIST and using it daily**
- ☐ **Setting up a formal Method of Operation that I can stick to**
- ☐ **Recording all that I do in and on my business on a Timesheet**
- ☐ **Identifying and Monitoring the Key Success Indicators for my business**