

WE'LL TAKE YOUR BUSINESS TO THE

# NEXT LEVEL



## Business Improvement Process

At Advivo we like to think we are practical and commercial in our approach to all that we do.

There are a couple of philosophies we like to follow:

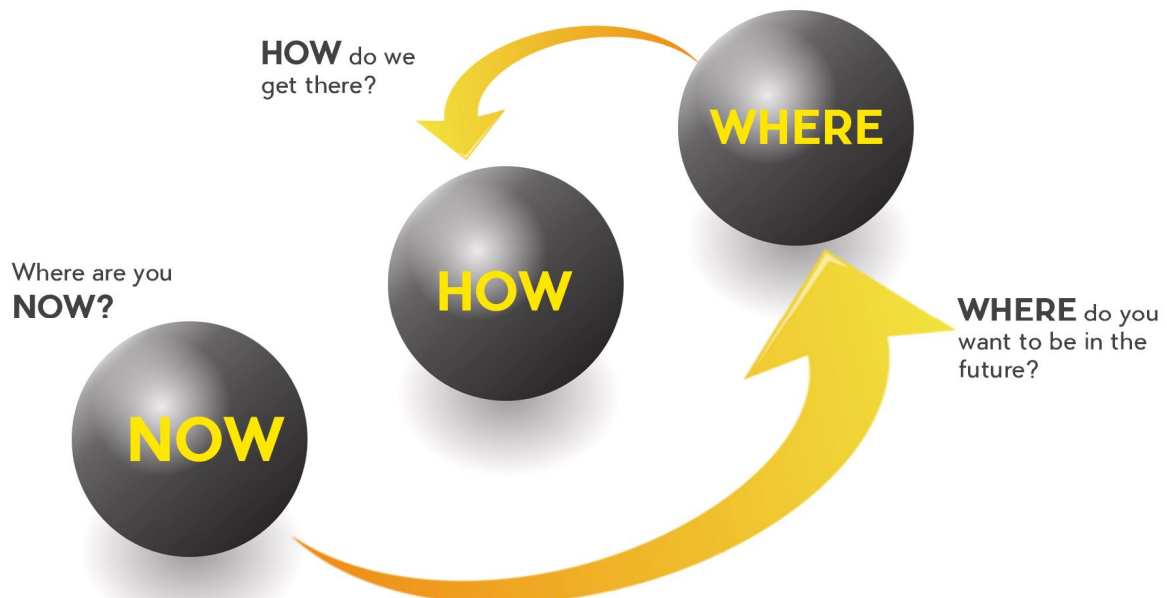
“Begin with the end in mind” – Steven Covey

“Keep it simple, (consistent) stupid” (KISS) – Kelly Johnson

The first philosophy requires a clear understanding of what the objectives are, both long term and short term, a plan on how to get there and a thorough analysis of the current situation. We call it “Now, Where, How”! We also note the analysis needs to consider real or potential risks.

The second philosophy is pretty straight forward, don't over complicate things, break it down into simple easy to understand steps, (educate users and document these steps along the way), make sure everyone understands what the process is and who is responsible for execution. Be consistent and make people accountable for their responsibilities and undertakings.

We promote this to our clients and practice what we preach internally, that is why we have developed our own internal processes that are simple and easily understood. We use our tools and processes consistently over many applications including: Restructuring, Business Improvement, Business Sale Preparation, Business Acquisition Due Diligence, Finance Applications and Equity Introductions.



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The two stage Restructuring and Business Improvement Process involves an in depth ANALYSIS to fully understand the current situation and identify current and potential risks. **NOW**

Development of clear objectives of what the ultimate goal(s) are and how they might look and ensuring all key stakeholders have buy-in and a clear understanding of those objectives. (i.e. build business to \$10m in sales and \$2m in profit over 5 years and then exit via a trade sale, to do this it will need to look like this.) **WHERE**

Once we understand the NOW and the WHERE we can complete a gap analysis and work with the business owners and key staff to build strategies and action plans to execute the strategy. This process also includes detailed structuring to ensure the most effective tax structures are employed for operating revenues and capital gains on exit also taking in to account personal and business asset and risk protection. This process also needs to clearly document systems and processes and provide a clear and transparent financial history to ensure the business's long term sustainability. Some of the tools we use in this process include our Business Pulse Report™ and our Future Fitness 3 Way Report™, which when used together can provide a comprehensive understanding of current & past performance as well as future expectations. This process and tools ultimately prepares and presents the business, in the best possible way for a sale or transition to the next generation (includes possible listing, merger introduction of additional capital and partners) at some future date. **HOW**

Stage 2 Monitoring involves regular meetings, regular review of actual data and tracking and recording progress in relative terms, against action plans, budgets and KPIs. This accumulation of historical performance, track records and trends in clear, transparent and concise financial reporting (both in numbers and graphically presented) is essential for a successful business sale or sell down in the future.

Please see below for a more detailed overview of the process!



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## Advivo Business Growth Process

### Stage One: Analysis

The first stage involves a comprehensive analysis of the business as whole. This includes the following:

- Review the current business structure: Consider the appropriateness of the business structure for risk/asset protection, taxation minimisation (both in trading and on sale of business) and intellectual property protection and separation and the structure and strategic integration of superannuation.
- Review Trading Performance: We use the Business Pulse Report™ to analyse the business's sales, growth, profitability, return on investment and efficiency (debtors, creditors, stock and WIP management).
- Review systems and processes: Consider the efficiency of current systems and processes. This means considering whether current systems and processes are readily available, understood and embraced by staff, scalable to accommodate growth and constantly reviewed and updated.
- Review Property, Plant & Equipment (PPE): Consider the adequacy and reliability of PPE for the foreseeable future without the need for replacement/upgrading.
- Review Human Resources: Consider the business's capability to trade profitably with/without current staff and skills now as well as in to the future without the current owners or other key staff.
- Review Competitive Edge: Identify what sets the business apart from others, retains current clients and brings in new business.
- Review business strategy: Consider whether the plan is sustainable.

We then combine the findings from the above analysis and build a Business Pulse Report™ and Future Fitness 3-Way Report™.

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## Stage Two: Monitoring and Tracking

A key point of difference for Advivo is that we meet with clients regularly (at a minimum at least quarterly) to review business performance, opportunities and risks and how that translates into the business's financial results. These regular and comprehensive meetings cover a broad range of subjects and generally run for one to two hours, have an agenda and minutes with action items to follow up and review at the next meeting - so not your typical meeting with an accountant but a meeting where all parties are held accountable with action items to meet your business improvement objectives.

The purpose of these meetings are to educate and empower the business owner and build a track record and history of trading results that can be given to a prospective purchaser without fear of criticism. We use The Business Pulse Report™ / Future Fitness 3-Way Report™ to review monthly financial reports.

