

# The Handbook for Business, the Bible

## # 17: Pay close attention to your herds

Proverbs 27:23 - "*Be diligent to know the state of thy flocks, and look well to thy herds*" - KJV

"*Be fully aware of the condition of your flock, and pay close attention to your herd*" - Names of God

You own a business...or more precisely, manage it on behalf of the real owner! Business assets are the modern equivalent of the ancient flock or herd.

Paying close attention is the manager's primary role...that is, to ensure business operations are on the right track; and when things stray off track, to guide them back.

Of course, the assumption here is that a manager has decided which track to take as reflected in 2 or 3 targets or benchmarks the team will pursue (last year + 10%, not much help, but a good start)

**Too many managers try to manage using the wrong numbers & reports; these include:**

\* Annual financial statements   \* Bank statements   \* Receivables & payables balances

The best managers review their critical numbers on a DAILY or WEEKLY basis because yearly, quarterly, and monthly is too late for immediate, corrective action.

**The most critical management number is WEEKLY Gross Profit target [annual/52]:**

\* The management reporting system needs to be able to generate the actual GP amount each week to compare; and the year-to-date cumulative target.

**The next most critical number is a unit or ratio target that links \$\$ to activity; for example:**

\* Every week from all his newspapers, Rupert Murdoch receives a key ratio - weekly advertising revenue (generated) per tonne of newsprint (used). He could immediately see any problems developing in sales, circulation or advertising revenue

\* The Ritz Carlton is a famous luxury hotel chain; above all else, managers focus on one number - the Net Promoter Score - *it measures the % of customers willing to recommend the Ritz to a friend or colleague; their average score is 78, one of the highest in the industry*

\* We in small business, apart from weekly GP \$\$ target, should pay close attention to...

...DAILY average sale value & number of sales - for retailers & wholesalers

...WEEKLY labour hours invoiced & average rate/hour - for service businesses/tradies

\* Other UNIT targets could involve weight, visits, distance, area, listings, calls, tickets, etc

**The bottom line, once you have this data:**

1. You and the team can tap into the motivating power of a target - like a mini vision

2. '*The very act of observing a number changes & improves the result*' (coach, Brian Tracy)

3. Fast feedback on variances from target means fast action to identify the cause & fix it

...Unmet targets usually require a marketing fix - our # 1 is 'communicating love'

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***Paying close attention to your herds [key numbers] will make you a better manager!***

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