

Management

'Eish', your cash flow

● 10 lessons from the second six months



SALIM LATIF

Salim Latif is the founding director of Knowledge Doc, a multimedia and knowledge sharing company.

The business specialises in event multimedia video productions, video streaming and report drafting. Knowledge Doc is located at Softcat B71, a government funded business incubator. Prior to establishing Knowledge Doc, Latif served as a senior manager in the

department of public service and administration. Latif lectured at the University of Witwatersrand for four years and continues to serve as an external examiner. Latif has, among others, a Masters from Wits.

This column looks at his experiences in establishing a business and the lessons he learnt during the second six months after opening.



Aag... There are many lessons every entrepreneur must learn.

CASH FLOWS OCT

This thing called cash flow actually means that cash flows consistently out of your account. Even less of the cash flowing in stays for more than a few days.

This is the reality of moving from the initial start-up phase to movement and growth.

Growth is costly and it usually results in cash flowing out of your account. There is little you can do about this, as you are probably too small to resist the 'pay today' demands of suppliers. The inflow of money is also a challenge and the best that can be done is begging for your money. In the absence of a legal department to sue debtors, and a bank that cares, the best you can do is make the cash flow in a way that ensures you stay credible and avoids irritated creditors. Don't forget to beg.

PEOPLE ALWAYS MATTER

All the people you interact with, your clients, suppliers, partners and especially employees are important for the success of the business. Don't just be good to these people, respect them, thank them, be humble and make sure they know they matter. Don't relegate this to the 'touchy feely', such as 'I like you, you like me' stuff. People need action, not mere words. Action includes paying your employees on time and protecting their rights, responding to clients' needs and paying your suppliers on time. The truth is that even though you are a small business, people still expect you to treat them as they would be treated by a company with divisions or sections dealing with an employee's wellbeing and client relationships. Don't forget the end of the year party and a good lunch, now and then.

PRODUCTIVE BUREAUCRACY IS GOOD

To appreciate the value of no bureaucracy and manage your

own productivity, you need to experience the bureaucracy of large organisations. When working with people with minimal institutional and entrepreneurial experience, some systemic bureaucracy can help to enhance productivity. While designing systems and having meetings makes you less cool and steals from your valuable time, it helps to clarify objectives and ensures a focused measurable and productive performance from the staff.

While most dislike bureaucratic practices, they enjoy the results of the systems that you introduced. Sometimes they think it's cool if you pushed them to do more through using strongly worded emails.

STRUCTURED CHAOS IS BEST

Most people find comfort in 'little boxes' and some sense of structure. While chaos allows for creativity and positive energy, focus on helping others to identify patterns of order in the chaos. Even without the relevant structures, your employees, competitors, suppliers and clients should be able to approach the finance department, the human resource section, the quality control division and the chief executive officer's office. When it matters, help people to access the structures, even though in reality a flat and adaptive team orientation would suit the current context. Your employees also need to see the unfolding boxes and have a sense of future permission.

Sometimes you might have to draw an organisational plan to please the people we live in our structure based society.

DON'T BE FOOLED BY LET'S PARTNER!

As soon as you demonstrate unique value, many will people want to talk about partnerships and creating synergies. These are good concepts and also sounds nice, but in practice means, "let

How can I make some money from your good work" or better still, "Do the work or supply the product and then pay me. I'm your partner, you know."

Partnerships can be an uneven battle of wits in which one partner has the advantage.

Partnering with large and well resourced organisations can be a nightmare challenge. In practice, the big corporates often watch you get excited, spending time drafting the proposal and doing the work, with the satisfaction of knowing that if any value comes from your efforts, they will benefit, as you want the luxury of association. A more equally matched and committed partner is better than a drop-out progress snoot who loses interest. If you need a partner, it is better to focus on a similar organisation, rather than a big name organisation blinded by its logo.

LIVE IN A STATE OF 'VIRTUAL' BANKRUPTCY

In the first six months of opening a business, money is not that much of a problem, as you usually have minimal expenses. You are also more likely to be focused on getting clients. As you start servicing clients and growing your capacity, expenses are likely to increase faster than revenue flows. Faced with the reality of suppliers that need cash, and clients paying when they feel like, everything suggests bankruptcy. Don't worry. You are only really bankrupt when they take away your equipment and your Volkswagen.

A SMALL MOUSE DISGUISED AS A FAT CAT

Let's face it, while you look good in jeans and a Volkswagen, most people want to do business with someone who looks like they will charge them loads of money. Disprove yourself when you need to as a fat cat and people will want to 'buckle up' with you. Talk about need to

medium enterprises and take advantage of possible SME benefits, but don't describe your business as an SME. Pretending does not mean you should lie or live a life that is beyond your means. People will see through you quickly, so don't lie. Just manage their perceptions.

SIMPLIFY EVERYTHING

Being a know-it-all is unfashionable. You might sound good to yourself, but remember, that your clients are more interested in your services or products. Focus on simplifying everything to facilitate quick decision-making. Finding the balance between too little and too much detailed information can be difficult. Using colourful explanatory graphics, demonstrations and product examples can be useful. Giving potential clients a taste of what they can receive, can also help. Be careful though. Many people want to eat the whole meal before they consider paying something for the satisfaction derived. Sometimes it is best to walk away from a potential client when they start talking about the meeting to be held on your proposal or product, the budget process and complexity, the restructuring underway, the inefficiency of their colleagues and that they like your products so much and will call you soon. If you provide real value, they will come back when they are ready.

GAIN ADVANTAGE BY SHARING EVERYTHING

If you are the chief, share information with those around you, because they may have valuable opinions on what you

are doing. Your competitors may initially think you are stupid, but they will soon worry about everything they can access. The more information you share and the more open you are about your strategy, you can only benefit from new information - you will always be one step ahead. Those who use the information for their own advantage, thrive on replication and secrecy and are always followers with no imaginative advantage.

Focus on sharing the good and the bad and receiving open criticism and praise, as a strategy for building knowledge leadership and a leading organisation.

FORGET 'AAG' USE 'EISH'

There are many people out there who use the word 'aag' when dealing with challenges. For them a challenge is an irritation. They focus on minimising their work and usually avoid a challenge. Focus on the 'eish' people. They usually see a challenge as an opportunity and are eager to find a solution. 'Eish' and they work hard. 'Eish' usually depicts a sense of empathy and excitement and provides a strong indicator of the person or organisational approach to life and work. Beyond reflecting an irritation 'aag', people depict themselves as a self-centred ethos and an organisation that is characterised by gossip, low morale and work ethics, negative internal politics and a 'what's in it for me' orientation. Perhaps the only time we should use 'aag' is when we are confronted with 'aag' people/organisations.

It also sounds cooler to use 'eish'!