

7 Key Mistakes SMEs Should Avoid To Improve Business Performance

At Price & Accountants, we have worked to overhaul and streamline the financial direction of many SMEs, and over many years of experience we have identified key mistakes that affect businesses more than they realise. This could have a negative impact further down the line on their businesses. Here are the key things that could be preventing your performance:

1. Lack of planning and analysis

Without a strategy in place and a method of analysing what you have done in the past, you are essentially planning to fail. Having a plan for your financial operations and goals is crucial in order to achieve them, and to avoid later complications.

2. Relying solely on year-end accounts

Many businesses use their year-end accounts only to analyse the historic data, however this can also be one of the most beneficial insights into your business, not only telling you what has occurred, but what you need to do next.

3. Oblivious to the metrics in the business

Most businesses we have come across do not know or understand key metrics within their organisation, such as KPIs and ratios. Understanding how to use these information could be vital to your future success.

4. Lack of a cash flow model

Not having or utilising a cash flow model is one of the biggest mistakes we see SMEs make. If you are experiencing cash flow problems (or think that you could be, but are not sure) then we urge you not only to make this a priority, but to reach out to us for a free consultation.

5. Avoiding cloud-based accounting

This is by far the most efficient way to manage your finances, and without it you are undoubtedly wasting time and money, and will often be left searching for answers.

6. Lack of customer analysis

Knowing your target customer and the key financials surrounding their interactions with your business, is not only advised, but could be the difference between your success or failure further down the line.

7. Poor financial productivity

Productivity and performance improvement applies not only to the everyday running of your business, but is also highly relevant to your financial goals. Many businesses waste money on poor productivity and low performance, and this is an area we have helped many clients refine and streamline.

If you feel that your business is suffering from any of the above, feel free to reach out to Price & Accountants for a free coffee and consultation on how we can help: