

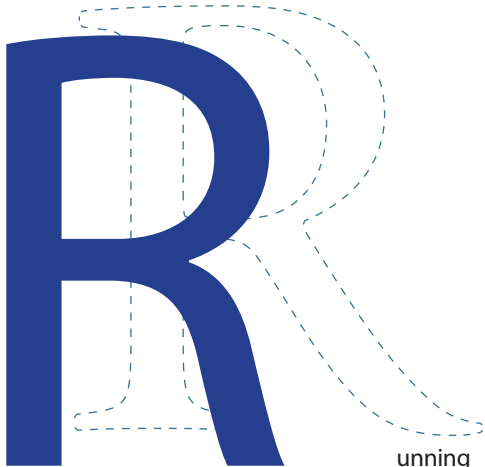
MANAGEMENT

MADE

EASY

NEARLY 65,000 BUSINESSES OF VARIOUS SIZES ARE REGISTERED IN THE REPUBLIC OF CYPRUS. Micro, small and medium-sized enterprises (SMEs) play a central role in the island's economy. However, Cypriot SMEs do not have the necessary in-house knowledge and skills to manage all the elements of running a business. Furthermore, the majority of businesses in Cyprus are family owned and managed.

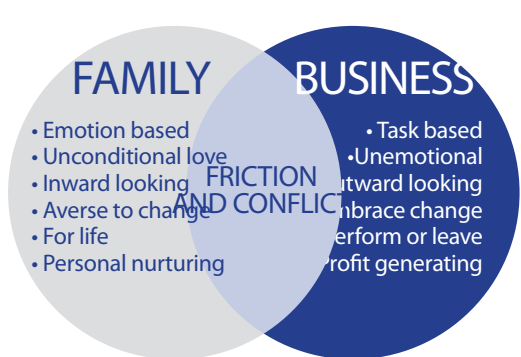
THE FOLLOWING ARE EASY-TO-FOLLOW STEPS THAT CAN LEAD TO A MORE SUCCESSFUL BUSINESS



Running a business can be one of the most remarkable, challenging, worthwhile and fun activities. But at times it can be very lonely, demanding and frustrating, requiring a wide range of decisions and actions. To be able to enjoy success in both your business and personal life, it is essential to manage a business effectively.

Though this may appear easy, its implementation is not. Political, economic, social, technological and personal factors influence the everyday life of a business. Being a manager, therefore, means having to deal with all these factors and to anticipate developments before they occur. The role of a manager is similar to that of an aeroplane pilot who has to correct the flight path of his aeroplane using the instruments on the plane's control panel; a manager has to use forecasting and Key Performance Indicators to estimate, measure, monitor and correct the course of his business.

As in other countries micro, small and medium-sized enterprises (SMEs) play a central role in the economy of Cyprus. They are a major source of entrepreneurial skills, innovation and employment. There are 65,000 registered businesses in the Republic of Cyprus of various sizes, as indicated below. The table also shows the equivalent percentages in Europe.



...DOESTHEFAMILYRUNTHEBUSINESSOR DOESTHEBUSINESSRUNTHEFAMILY?

The dichotomy in the two systems can be overcome by "normalising" a family business. The key steps are:

- Separating family issues from the business. This can be achieved by resolving any family issues through a family council (usually made-up, of the "wiser" members of the family)

MANAGEMENT CAN BE DEFINED AS FOLLOWS

1. The informed and ongoing assessment of the company's present situation;
2. The development of realistic and meaningful objectives and goals;
3. The design and refinement of the appropriate strategies to achieve these objectives and goals;
4. The rational design, organisation, application and the control of the actions required to implement the strategy;
5. The effective handling, motivation and reward of all employees, customers and relevant supply chains;
6. The coordination and conflict resolution of any interdependencies of the above elements.

Size in number of employees	Cyprus	Europe (approx number of companies: 27 ^{3/4} million)
Micro (1 – 9 Employees)	89.1%	90.3%
Small (10 – 49 Employees)	9.1%	8.1%
Medium (50 – 250 Employees)	1.5%	1.3%
Large (>= 250 Employees)	0.3%	0.3%

The percentage profile of the number of employees between Cyprus and European SMEs is very similar. Having said this, each country has to overcome issues specific to its economy and social culture. Cypriot SMEs do not have the necessary in-house knowledge and skills to manage all the elements of running a business. They are predominantly inward looking and have short-term vision; there is lack of awareness within SMEs about the benefits and opportunities in research, technical development (RTD) and innovation. Their restricted resources may also reduce access to new technologies or innovation. Furthermore there is a general inability to run the company using its own generated wealth (usually high borrowings).

One of the most common causes of problems is that the majority of businesses in Cyprus are family businesses – these are family owned and family managed businesses.

Can a family owned business fulfil all the characteristics of a good business? The tendency is for a pull in opposite directions, as demonstrated above by the overlapping of the two systems – Family Vs Business:

- Managing power and resources thoughtfully
- Managing transitions (especially succession)
- Talking (and LISTENING !) to each other
- Preventive maintenance (fix before it becomes a problem)
- Take on a specialist adviser on family/ business matters
- Have a family constitution. This will provide harmony and conflict resolution, send clear messages to both family and staff and generate the right level of expectations.

COMPANY STRATEGY

Another common cause of problems is the absence of a company strategy, that is the absence of a systematic selection of targets, goals and other objectives for the future direction of the business and how they will be achieved. Because of this, "fire-fighting", reactive management and protracted decision-making become a way of life.

By adhering to a strategy for your business you will be able to avoid most of the

above; you will be focusing on planning and preparing the ground for a better implementation of things to come.

The strategy and action plan for a business can be set out in the Business Plan. It will explain your objectives and how you will achieve them; you will have the opportunity to involve your employees in the planning process, and to continue to build up successful and committed teams; it will save precious time by identifying priorities, while non-priorities can be discarded; it will provide the framework for all your sales, financial and other projections. Once written, the plan then becomes a benchmark for the performance of your business. The act of writing the plan is to help you crystallise and focus your ideas, and identify your priorities; it is a "live" document and can be updated at any time. You also need to know your basic marketing, and this should be part of your plan. Marketing is simply identifying, anticipating and satisfying customer needs profitably!

Every business will face competition. You must have a clear picture of your product or service, and the benefits your customers will gain from buying it. Your marketing and sales operations are dependent upon your customers understanding the benefits your business will offer to them. This is what the customer buys, not the product. For example, a consumer doesn't want the drill he buys, but the holes the drill creates. The features/benefits of your product is your unique selling proposition (USP) and could be any number of benefits you will offer to your customers.

USPs can be easily identified by completing the phrase: 'Customers will buy from me because my business is the only one that...'

Once you can articulate these statements convincingly and you are perfectly happy with your messages, then you are ready to communicate to the marketplace. Your communication campaign becomes an integral part of your business. Every time your business has a contact with a customer, you are marketing your business. Remember that it is easier and cheaper to keep existing customers than it is to get new ones (it costs 10 times more to find a new customer than what it costs to keep an existing one).

Electronic communication must be part of your campaign in reaching your customers. Modern, content management websites are not just websites, but a "tool of the business". You can do "e-everything" if you use such a website to its full potential.

Running your business effectively requires good decision-making based on management information. You need to monitor your company's performance via Key Performance Indicators. Select and calculate these indica-

The percentage of employees between Cyprus and European SMEs is very similar



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tors carefully, using your monthly management accounts. Focus on a handful of indicators which are measurable, can be compared to a standard or target, can be acted upon, and can reflect the performance and progress of your business.

To be able to effectively use the Key Performance Indicators, you also need to understand and monitor the 'key drivers' that affect your business; for this, you need to know your marketplace well and answer questions such as: What drives the sales figures up? What drives the costs down? What improves cash flow? What drives 'anything you want to know?'

You may then decide which figures to present/monitor and how frequently. Use exception reporting methods and a one-page summary sheet, backed-up by details supporting sheets listing your chosen Key Performance Indicators, plus the top five drivers. You can present the information according to functions or cost centres, and make comparisons with the past to establish trends.

Organise your time. Allocate time for all the activities you need to carry out, to avoid being distracted by day-to-day issues. Know your management routines and your permanent priorities. Keep constant track

of three crucial areas:

- Winning and keeping customers.
- Improving your understanding of customers and the competitive environment, refining your marketing plans and taking advantage of new opportunities.
- Promote your business and your products.

Cash flow is the balance of all money flowing in and out of your business, with the main inflow usually coming from sales. The more warning there is of cash flow peaks and troughs, the more time you have to deal with them. You must know when to focus completely on sales and to get your invoices paid. Planning ahead will make it easier to arrange any additional funding you may need.

Makesure you employees are performing effectively and dealing with any problems. Start by recruiting the right people. Lead and motivate your employees. Monitor your team's performance by holding regular reviews. Develop your selling skills. Make sure that you, and all employees who interact with customers, have the right training, attitude and approach. And, finally, consider the easiest way to improve your short-term profitability: Controlling your costs carefully. Good luck!