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WHAT IS YOUR
PASSPORT TO
SUCCESS?

CONTINUED INSIDE



ALSO INSIDE: BUYING INSURANCE.
WHEN IS THE RIGHT TIME?

WHAT IS YOUR PASSPORT TO SUCCESS?



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Flying from any airport is a trauma at the best of times, but there are some valuable comparisons to “flying” your business.

Let us start with one of the most fundamental issues, having a passport. We all know that this is a critical document, without which we cannot leave the country. It must be in date, and in good condition, and for some trips you also need at least 6 months unexpired period left on it. Most of us will check our passports months before, just in case, and so allow time to get a replacement if needed.

You wouldn't just rock up at the airport and hope your driving licence or credit card would be enough, and you probably don't wait until the day you fly to try to remember the safe place you put it!

The point is that this is a document that you **MUST** have. In business there are many things that business owners know that they **SHOULD** have, but don't. Accurate monthly accounts, cash flow forecasts, annual budgets etc. There

THE SUMMER MAY BE ONE OF THE BEST FOR MANY YEARS. WHILST YOU COULD HAVE STAYED HOME TO GET A TAN, MANY WENT ABROAD DURING THE HOLIDAY SEASON.

are many 'documents' that businesses need, but which often get deferred or ignored because there is no compulsion to provide it.

Some of our more successful clients have developed a small number of critical documents, and have made these mandatory for the business.

The financial controller knows that monthly accounts must be finished within 3 days of month end to be ready for a Board meeting 2 days later. Whilst the discipline is self-generated, they have made certain documents **MUST HAVES**, just like a passport.

What things should you have to ensure you run your business well, and how do you make these mandatory?

It is increasingly common to build your own holiday rather

than book a 'package deal'. That needs a lot of planning and research. Choosing an airline, flight times, and convenient airports is often as important as the destination itself. Booking the right hotel with the right facilities and location, transfers to/from the airport etc., all take organisation and coordination.

The average advance booking for a holiday in 2010 (when most were package deals) was 8 months. This has reduced to an average of around 4 months for package deals, but around 2 months for short breaks and self-booked holidays (booking flights and hotels separately).

This still suggests that the average business owner is looking further ahead for their holiday plans than they are for their business plans. Is that you?

For example, many of the clients we talk to complain that recruiting good experienced people is a huge challenge for them, and has been for several years. On one of our Healium projects, the client was setting ambitious targets for growth over the next five years. They set sales targets, considered future cash flow issues and what building space they needed, but had not looked ahead at people needs. Their plan was to recruit experienced people as needed each time they expanded, despite the fact that this had been a real challenge in the previous 5 years. As we explored the issue, it became obvious that the better strategy was to recruit people at the

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LOOKING FOR A BIT OF HOLIDAY READING?
PRICING FOR PROFIT WRITTEN BY PETER HILL
AVAILABLE NOW FROM AMAZON



CHARLIE HILL
FINANCIAL ADVISER

BUYING INSURANCE. WHEN IS THE RIGHT TIME?

Today, we prioritise our technology and our pets, taking out policies to cover loss and damage to our phone and ensuring vets bills are covered for our furry friends. Why are we not considering ourselves? If you have any loans, a house, significant other or children, you should be looking at your own insurance.

Ever wondered what would happen if you couldn't work because you fell ill? Or if your partner had to quit their job to stay home and look after you? Ever wondered what would happen to your mortgage without your income? Do you have savings or a family that could help you out? Taking out insurance removes the concern of finance from this equation, becoming ill can be stressful enough without adding the potential loss of your home or mounting debt.

Taking out insurance while you are young is cost effective, with some policies costing as little as

£5 a month, due to the simple fact that the younger you are the less likely you are to claim. Therefore those who can obtain protection cheapest are usually those who don't bother.

But if you are unlikely to die or be critically ill in your 20s or 30s aren't you just throwing away those early premiums?

I recently had reviewed my own life insurance provision. I researched a £250,000 Life and Critical Illness policy to run until my State Pension Retirement Age of 68. The premium came out at roughly £60 per month or £30,900 over the full term. On a whim I then decided to look at the cost for the same amount of cover if I was 10, 20 and 30 years older. I was curious what the tipping point might be between when my larger premiums (because of being older and a higher risk) would outweigh the additional number of premiums paid. To my surprise there was no break-even. The total premiums

starting in 10, 20 or 30 years' time were £37,620, £40,920 and £42,480 respectively. It actually worked out cheaper in the long run even if I didn't need cover for the next 10 years.

This means that simply by starting a protection plan now, I could save almost £12,000. Of course I would also be protected if something happened in the next 10 years, however unlikely.

Of course this is based on my circumstances. You should always seek professional advice before taking out any insurance. A professional will be able to evaluate and assess your unique personal situation and find a policy that meets your requirements.

If you're interested in providing for your family in the event of your death you may wish for a simple term assurance (this pays out on death up to a fixed date in the future). Alternatively, if you want to protect against something meaning you can't

work or need long term care, then a Critical Illness policy may be better, or even one that covers both situations. If you're looking to protect your mortgage or other outgoings (school fees for example) that could continue if you should have to give up work, income protection, mortgage protection or family income benefit protection might be more suitable for your needs. The key is finding the right cover for you.

One final note to close. I originally looked at the question of buying life insurance last year and was quoted a premium of £50 pm. This has now increased to £60 pm (in the example above), i.e. just not getting around to it has cost me £120 a year or £6,000 over the term of the policy.

So the message is simple...
DON'T DELAY.

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WHAT IS YOUR PASSPORT TO SUCCESS? CONTINUED

bottom of the organisation (school leavers, graduates etc.) and develop those people into the experienced employees they would need in future. If you want to recruit someone in three years' time with three years' experience, then recruit them now and give them exactly the experience you want them to have.

Why don't you look ahead 5 years and consider whether you have all the things you need in place for your business journey?

Finally, let us talk about deadlines.

If your flight leaves Heathrow at 6pm, then you will probably work backwards like this...

- Check in by 4pm
- Arrive at car park at 3:30pm to allow transfer to terminal
- Leave at mid-day to allow 3 ½ hours travel time (according to Sat Nav)
- Actually, leave at 10am to allow for contingency and travel delays etc.

The end result means you will probably allow maybe 8 hours from leaving home to departure time.

We do this for two reasons; firstly, there is an absolute cut off time usually 40 minutes before flight time. Two hours early is fine, 30 seconds late is a missed flight. Therefore, we must aim to be there in plenty of time, as the plane won't wait.

The second reason is that we know from experience that the unexpected can happen. Accidents on the motorway, flat tyre, delays at security. So we allow for this and aim to arrive extra early.

In business we have seen many people plan to pay wages on a fixed day of the month, and assume that all the cash they have been promised will come in on time, only to have to go cap in hand to the bank to cover a shortfall. Businesses know exactly when they have to pay VAT and annual tax bills, yet still often push this to the back of their mind and struggle come due date.

Clients often fall into two camps. Some keep a very healthy cash balance 'just in case' and are always prudent in planning money in, money

out, investment in people and equipment. Others take the money out as soon as it is made and leave the business always running on fumes. Any single hiccup and the business is in trouble, two or three unexpected issues can break it completely. If your overdraft limit is the flight time, always leave some contingency for those unexpected issues.

The overall message is pretty clear.

When we plan our holidays we do so with careful consideration of a range of important things. We do it way ahead of time, and we ensure we have all the important paperwork we need. We allow ample travel time, usually take more foreign currency than we need and consider a range of possible problems that could crop up so that we can be prepared.

We do all this because our holiday is important to us.

Our advice is to simply apply the same planning and diligence to your business journey as you do to your holiday.

If you want help to plan your business journey better, just ask.



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