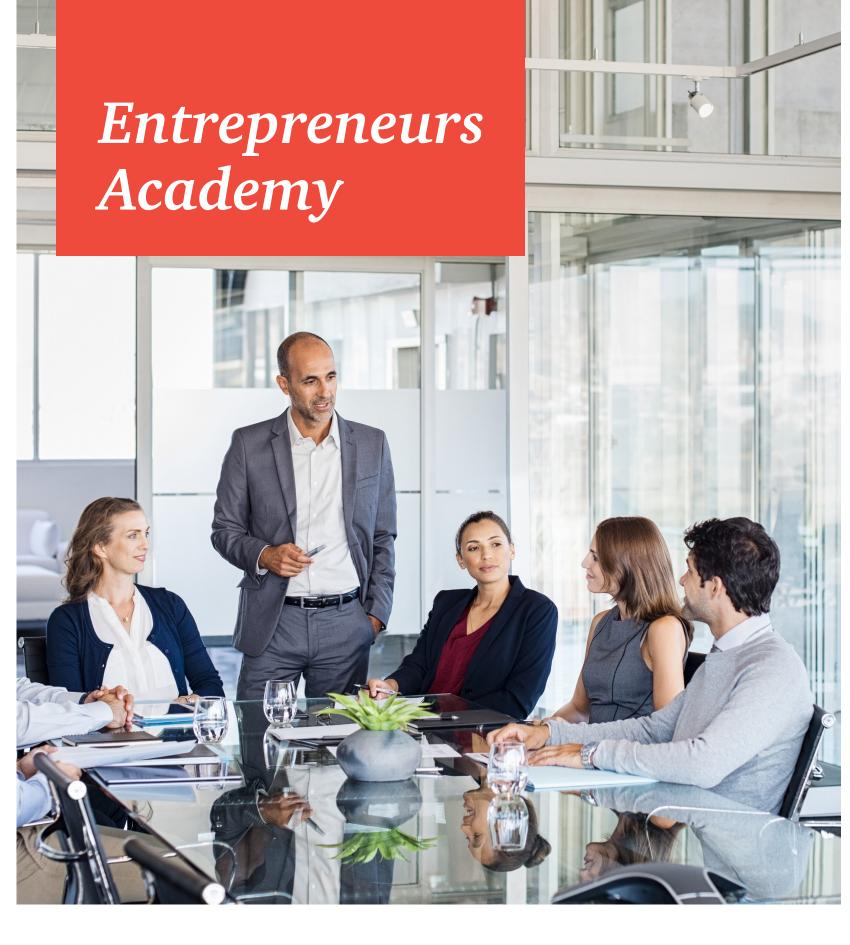
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## **Constraints to Growth**

Our experience has shown that businesses fail to reach their potential and achieve their strategic objectives due to four common constraints; Cash-flow management, Lack of Strategic focus, Execution of the strategy, and People.

Using a proven suite of tools and methodology, we have helped businesses address these constraints to growth that have become the frustration of business owners. Having advised more than 150 businesses through our Advisory program in the last year, we have identified that business owners often:

- Don't know their numbers
- Don't have a clear strategy
- Are unsure of how to win in the market

• Unable to articulate how they create value to their customers and what their distinctive capabilities are that allow them to win

The businesses that understand and address each of these issues are set to win.



# **Program Overview**

The Entrepreneurs Academy will help your business to fulfil its potential through a series of six informative and practical modules led by experienced PwC Advisors.

These six modules will address each of the constraints to growth through five workshop-style settings and one personalised one-on-one discussion with a PwC Advisor.



## Module 1



## X-ray your numbers

Checking your business health through the lens of the Financial X-Ray®

This module will concentrate on measuring value creation. We will introduce you to the 10 Financial Rules through our Financial X-Ray® which combines the three key components of your financial statements, the Profit & Loss, Balance Sheet and Cash Flow Statement, into one summarised page that allows you to easily analyse the business' performance. The Financial X-Ray® will make the invisible visible for you by taking a different approach to analysing your numbers. We will then concentrate on profit to cash conversion, working capital optimisation, capital formation, return on capital and how the business is funded (debt versus equity).

#### Time: 3 hours

- Clearly understand the connections of P&L and Balance Sheet & importance of return on capital
- Understand working capital requirements
- Understand profit to cash conversion
- Understand how to measure value creation

	Profit	t & Loss - Outp	ut					
	Revenue	14,249,505	Fixed Expenses		3,700,479	Net Profit after Tax	1,110,743	
GP	Variable COG	S 8,554,403	Variable Expenses Sundry Income		- 89,991	Extraordinaries		Return on
GP 36.64%	variable COG	5 8,004,403	Sundry Income		89,991	Extraordinaries		Capital
	Contribution	5,695,102	EBITDA		1,610,142	Net Income	1,110,743	31.61%
			Depreciation		78,498			
CODB	Fixed COGS	474,472	EBIT Interest		1,531,644 179,952	Contributions/(Drawings) Non-Cash Equity Movements	(478,965)	Cost of Capital
25.97%	Gross Profit	5,220,630	Tax		240,949	Total Movement in Equity	631.778	20.00%
	0.0001.000		100		2101010			
ebtor days:	Capit	al - Input	Opening	Movement	Closing	Profit to Cash		Profitability
45.74			e per inig		eree ing			10.75%
	Add:	Inventory	3,766,862	2,018,728	5,785,590	Net Income	1,110,743	
		Trade Debtors	2,716,426	(757,383)	1,959,043			
editor days:		Sundry Assets	486,824	(246,408)	240,416	Non-Cash Equity Movement	-	Economic
53.21	Less:	Trade Creditors	1,386,367	57,671	1,444,038			Profit
		Sundry Liabilities	1,086,672	58,110	1,144,781			562,437
	Equals (=)	Working Capital	4.497.074	899.156	5,396,230	Change in Working Capital	899,156	
entory days:	Equais (=)	working Capital	4,497,074	699,150	5,396,230	Change in working Capital	699,150	Free Cash
234.53								Flow
	Plus:	Fixed Assets	335,722	(34,234)	301,488	Change in Fixed Assets	(34,234)	245,821
		Other N/C Assets	-	-	-	Change in Other N/C Assets		
WC Days	Equals (=)	Total Capital	4,832,796	864,922	5,697,718	Free Cash flow	245,821	Cash Payout
227.06		•						194.84%
Working	Fund	ing	Opening	Movement	Closing	Contributions/(Drawings)	(478,965)	Debt to Capital
Capital		Net Debt	0 400 560	233.144	0 000 707	Net Cash Flow	(000 440)	41.54%
37.97%		Equity	2,133,563 2,699,233	233,144 631,778	2,366,707 3,331,011	Net Cash FIOW	(233,144)	
				001,110	0,001,011			
		Total	4,832,796	864,922	5,697,718			



## What drives your business

Pinpoint and determine the levers for sustainable growth

This module will build from the 10 Financial Rules introduced in Module 1 and will introduce you to the Activity Based Management (ABM) report and Sensitivity Analysis. We will determine your key Economic Denominator – the underlying driver of your businesses performance. The ABM summarises the Profit & Loss into key categories including: Revenue, Gross Profit, Direct expenses (which are further broken down into cost pools), Other revenue, EBITDA, Depreciation & Amortisation, EBIT, Interest (net of expense and income), Income tax expense, and Net profit. This then transforms into the ABM report when it is unitised by dividing each of the items by the Activity Driver (or Economic Denominator) so that analysis can be performed on a per unit basis across months and year-to-date results.

The ABM Sensitivity Analysis will help you understand at first, the mutually exclusive levers such as: Average Sale, Gross Profit, Expenditure, and Activity that can be adjusted, before being combined together to view the overall improvement.

#### Time: 3 hours

- Understand your underlying economic denominator
- Learn how to implement and drive financial improvement through activity based management
- Sensitivity analysis

pwc	hat-if Financial	X-Ray®	Assump	tions			
	Current result 30 June 2016	Average Sale	Gross Profit	Expenditure	Activity	Combined Results	
Profit and Loss Sales	14,249,505	14,997,455	14,249,505	14,249,505	15,202,075	16,000,025	
Gross Profit Gross Profit %	5,220,630 36.64%	5,494,658 36.64%	5,505,620 38.64%		5,569,626 36.64%	6,181,973 38.64%	
Expenses (exc. Depreciation) Expenses %	3,688,985 25.89%	3,688,985 24.60%	3,688,985 25.89%	3,539,395 24.84%	3,688,985 24.27%	3,539,395 22.12%	
EBITDA	1,531,644	1,805,673	1,816,634	1,681,234	1,880,640	2,642,578	
Rate Average Sale Value Gross Profit	952.57 349.00	1,002.57 367.31	952.57 368.05	952.57 349.00	952.57 349.00	1,002.57 387.37	
Expenses Sundry Revenue EBITDA	246.61 	246.61 - <b>120.71</b>	246.61 - <b>121.44</b>	236.61	231.15 	236.61 	
Volume Units Sold	14,959	14,959	14,959	14,959	15,959	15,959	
Adjustable Factors		Increase Average Sale	Increase Gross Profit	Reduce Average Costs	Increase Activity (Units Sold)		
Activity Data Uni	its	\$ 50.00	2.00%	\$ 10.00	1,000		

## Module 3



## Build a customer centric strategy

Aligning your customer, value proposition and distinctive capabilities

This module will be the introduction to setting a coherent strategy. We will show you how to align areas of the business on what matters most, creating value to your customers.

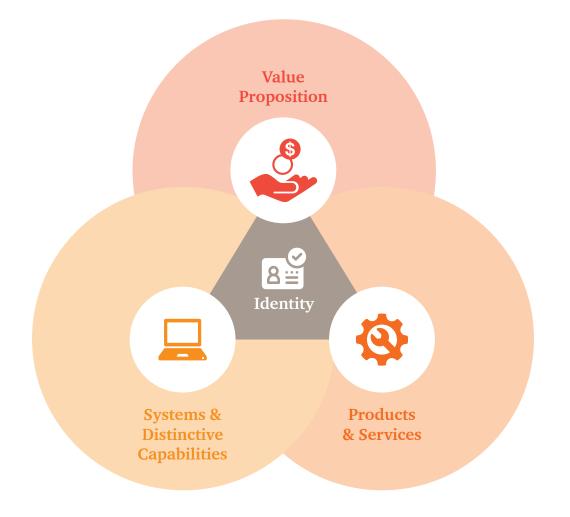
We will address the following key areas:

- How do you create value for your customers? What is your Value Proposition?
- What core capabilities does your business have that differentiates you from your competitors? What gives you the right to win in the marketplace? What can you do that no-one else can?
- What products and/or services allow your business to fulfil the above two questions?

The first step of this module is to define your customer through the lens of their needs, wants, aspirations, fears, concerns and apprehensions.

#### Time: 3 hours

- Define and understand the positioning of your business
- Define how you create value
- Define how you deliver value
- Make decisions where and how you will play





# Linking strategy & execution

Translating strategy into the everyday

Solving the Strategy to Execution gap is key to future success. This module will introduce you to key business and key support processes such as: Positioning the business, Attracting customers, Servicing customers, Developing products, Maintaining key relationships, Managing operations, Planning & governing the business, Measuring performance & providing feedback, Managing the financial resources, Capturing intel & leveraging insights, Reliable & appropriate IT, and Building an upskilled workforce, that are prevalent among all organisations.

We will guide you through defining who will own each of these processes, the individual measures, and find targets that will stretch the business through the Level 1 Process Scoreboard.

#### Time: 3 hours

- Develop a process improvement framework
- Assign responsibility to key processes
- Define the KPI's for each process
- Learn the process improvement process to implement into your business

	Process	Process owner	Measure	КРІ	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
1	Position the business	SW	Sales growth	20% p.a.	6	7	7	7	7	7	8	8	8	8	8	
2	Sourcing products	DT	Raw Material Inventory	Under \$400k	8	8	8	8	8	8	7	7	5	5	5	
3	Developing products	TW	New product sales	15%	6	6	6	6	6	6	8	8	7	7	8	
4	Attracting customers	GS	No. of salesm an targets achiev ed	8 per month	7	7	7	7	7	7	6	7	7	7	7	
5	Serving customers	GS	Customer satisfaction	95%	8	7	7	7	7	7	6	7	8	8	8	
6	Maintaining key relationships	GR	Program	Active	8	8	8	8	8	8	8	7	8	8	9	
7	Manufacturing	DT	Waste	3%	8	8	8	8	8	8	8	7	7	7	6	
8	Warehousing & distribution	DT	DIFOT	100%	7	7	7	7	7	7	7	7	7	7	8	
9	Planning & governance	LB	Level 2 processes	100%	6	6	6	6	6	6	7	8	7	7	7	
10	Measuring performance & providing feedback	MS	Timeliness	5 days	7	7	7	7	7	7	8	8	8	8	7	
11	Managing financial resources	MS	EVA	\$1,100,000	8	8	8	8	8	8	8	9	7	7	7	
12	Reliable and appropriate IT	MS	IT service availability	99%	6	8	9	9	8	8	9	10	10	10	10	
13	Safe & upskilled workforce	NM	Staff satisfaction index	85%	8	8	8	8	8	8	7	7	6	6	7	
14	Capturing & leveraging knowledge	SW	Report Frequency	QTRLY	7	7	7	7	7	7	8	8	7	7	7	





## Achieving your winning aspiration

Defining the key thrusts, key initiatives and quarterly must achieves

Having been through the previous modules, this module is all about the actions that need to be taken by the organisation. First we will now focus on your Winning Aspiration, the target for the business, and how this will be achieved. We will do this with a clear statement of what winning looks like for the organisation and then by linking this to how you are going to achieve your 3-5 year financial targets through identifying the Key Capabilities that need to be developed and in place in the medium term. Having set the Key Capabilities, we will then drill into the initiatives, or projects, that need to be completed in the shorter term in order to work towards this. Having set both the Key Capabilities and Key Initiatives, you will then look at the Quarterly Must Achieves which are the business imperatives for the next 90 days. By completing these, your team will have a clear path moving forward, further closing the Strategy to Execution gap.

#### Time: 3 hours

- Define the key thrusts and capabilities you need to implement to achieve your three to five year targets
- Define the annual initiative to drive your growth strategy
- Define the quarterly must achieves

VVIIII	ing Aspiration	
Key Thrusts / Capabilities	Key Initiatives (1 Yr)	Quarterly Must Achieve
1	1	1
2	2	2
3	3	3
4	4	4
5	5	5



# **Realising your strategy**

One-on-one session with PwC to document your strategy for growth

The final module is bringing all the learnings together through formulating your own One Page Strategic Plan (OPSP). In this one-on-one session, you will work with the PwC Advisor to define and document your strategy on the OPSP, which includes:

- Your Winning Aspiration
- Who your customer is
- Value Proposition
- Distinctive Capabilities
- Demand Pools
- Products & Services to focus on
- Your financial goals
- Activity Staircase
- Key Thrusts (3-5 Years)
- Key Initiatives (1 Year)
- Quarterly Must Achieves
- Processes to measure

#### Time: 3 hours

- Tie all your learnings together
- Walk away with an action-oriented One Page Strategic Plan

Organisation Name:	One Page Strategic Plar	n (OPSP)	Dat
Winning Aspiration	Targets (3-5 Yrs) Goals (1 Yr) (Where) (What)	Targets (Qtr)	Process Improvement Position
Who is Our Customer         Where Do We PH           Geography         Geography           Value Proposition         Geography           Distinctive Capabilities         Channel / Sectors	Feature date         Year Find           Target         Value         Target         Value           Revenues (5)         -         Revenues (5)         -           Ge (20)         LBS         -         -         Ge (20)         LBS         -	Quarter ful / #         Ouver           - Ref & Tayr         Value           - Ref & Tayr	Neare Fig1 Actor Acto
1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	4 4 4 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5		Planning & Measure Target Measuring Perfor Measure Target
	Actual Actual Actual Budget Forecast Forecast Pacific Scott Bernamic Scott	708 - 301 - 301 - 303 - 302 - 302 Reg 6 of Tensorition per Media Day Action: Tensorition develop X 	Managing Messure Target Capturing In Messure Target
Core Values / Bellefs (Nousie / Nousier)	Nakor Stef	Revenue (5) A Reveue (5) / Tronsaction 2015 2017 2018 2019 2020 2020 Top: Revenue (5m) Bother: Revenue (5m)	Build Reli Measure Target
е 5	Achiely Transactions (#) Rey[Transactions (#) Rey[Transactions (#) Rey[Transaction (#)		Building o Measure Target

# **About the Program Leaders**



Trevor **Mahony** Partner – Private Clients Advisory, Brisbane Office

www.linkedin.com/in/trevormahony/ trevor.mahony@pwc.com +61 (7) 3257 8807 Trevor has 30+ years experience with PwC providing business advisory and assurance services to privately owned businesses. His professional passion is assisting business owners grow and transform the performance of their business.

Trevor believes in a hands on approach working with his clients to understand their needs so he can tailor an effective and appropriate response. He believes the key to business success is ensuring the correct strategic decisions are made based on solid financial information that lead to value creation.

Trevor led PwC's Brisbane Private Clients practice consisting of 6 partners and 65 staff from 2012 to 2016.



### Rob **Ashley** Principal – Private Clients

Advisory, Brisbane Office

www.linkedin.com/in/robert003/ rob.ashley@pwc.com +61 (7) 3257 8203 A deep thinker, passionate about the potential that lies within individuals and their businesses, Rob is instrumental in creating opportunities that will inspire success for his clients, colleagues and peers.

A proven entrepreneur now focused on working with other entrepreneurs, Rob has been influential in achieving significant results for his clients and their businesses, using strategic vision, big picture analysis, consistent monitoring and mentoring systems.

Rob is a connected and valued strategic advisor to his clients and is driven to ensure he can empower them with peace of mind, confidence to grow and banker confidence.

## How to get started:

Like to find out more about the PwC Entrepreneur Academy or take the first steps in realising your business value?

Visit our website at

www.pwc.com.au/private-clients/advisory-anddeals.html or email annabelle.arouff@pwc.com

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