



## **Three important rituals a (SME) business head must do in the first week of every month?**

Getting into business is relatively easier than running it successfully by fulfilling all the stakeholder's expectations. It requires a disciplined approach to managing business processes. As we witness in most of the small, medium size organizations, the business head seems to be busy in managing the business outcome, but with little focus on the business performance review. Despite multiple priorities and engagement with different stakeholders, the business head must do some important ritual or activities which he can not entirely rely on others.

This important ritual or activities can be classified into monthly, weekly and daily basis. When the business head is missing the routine or not doing at a specified interval, it brings chaos into the system and pulls his time, energy to bring back the business to healthy.

Let us discuss only the three important rituals or activities a business head must do in the first week of every month

1. Reviewing monthly operational profit & loss
2. Reviewing outstanding payables & receivables
3. Reviewing the operational plan & performance

### **1. Reviewing monthly operational profit & loss:**

Evaluating monthly profit and loss statement is the most important job of a business head as this gives the overall performance of his operations of the

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previous month. As this review will give clarity on what product mix made him make profit or loss, what kind of expenses he is incurring to realize the profit and losses.

Once he knows this trend or pattern on a regular basis, he can take right call on the following

1. Choosing a right product mix
2. Right initiative on cost optimization projects
3. Knowing his cost drivers and plan accordingly

Since most of the #SME `s equipped with enterprise software like Tally, it is easy to fetch the P&L statements. Sometimes, it may not be as accurate and covered all the transactions as business units used to get at the end of the financial year. However, it will give a fair idea about the health of the organization on a monthly basis.

## **2. Reviewing outstanding payables and receivables:**

Cash flow management as this is one of the pitfalls most of the business head trap and spends most of the time to run the day to day affair. The reason could be lack of structured review and follow up on the receivables and payables areas. Timely intervention of business head on receivables and payables will help in managing the business smoothly as well improve his creditability in the suppliers. Like profit and loss statement, it is easy to get instant data on the outstanding payables and receivables from any accounting software.

We have seen from our experience, wherever business head is keen on the cash flow improvement, he runs the overall business very well. I think managing cash flow very well gives much quality time to concentrate on other value additions. Hence, this needs to be reviewed by business head at-least once in a month if he delegates to his second level on a daily basis.

### 3.Reviewing the operational plan & key performance indicators (KPI's):

During the first week, it is the prime responsibility of the business head to review the previous month key performance of operations like delivery, customer `s service, project performance and also set the direction for the current month. It includes reviewing the operational plan week-wise, ensuring capacity availability or giving decisions on outsourcing or extending hours, etc.

This review ensures the clarity on the direction and sets the team to perform as there is certainty in the expectation. Most of the time, the team struggles with priority and decision making. In fact, this ritual plays a major role in improving the morale of the team, in turn, engagement.

Initially, this practice of operational performance seems to be difficult. However, we have witnessed in most of the organizations; it helps the team in a big way like

Clarity on the target or direction

Improvement in cross-functional engagement

Improvement in business performance

*Ultimately, the business head should know the direction of his #business. More he does the above rituals, more control he has on the business and of course on the business performance.*

*Re-look at your rituals for better business performance!*