

CPA Australia Podcast

Episode 44 - Transcript

Intro: Hello and welcome to the CPA Australia podcast, your source for business, leadership, and public practice accounting information.

Jillian Bowen: Hello everyone and welcome to another episode of the CPA Australia podcast. I'm your host, Jillian Bowen, and I head up the Content and Social Media Team here at CPA Australia. In today's episode, I'm talking with Jason Cunningham about money, or ca-ching as Jason describes it in his book, "Have Your Cake and Sell It Too."

This episode is part four in our series, "The 7 Key Ingredients of Business Success." Jason is a Founder and Director of The Practice in Melbourne. He's a CPA and one of Australia's leading business growth experts. He's also an author, entrepreneur, industry commentator, and engaging keynote speaker, who has inspired thousands of business owners to build a better business, make money, and achieve the lifestyle they aspire to.

Jason's also a presenter on Channel Ten's "The Living Room," and SEN's "The Run Home." He loves nothing more than sharing his business success insights with a full house of other owners, managers, or dreamers, which is exactly why he's here with us today. Jason, thanks for joining us again on the CPA Australia podcast.

Jason Cunningham: Thanks for having me, Jill.

Jillian Bowen: It's always a pleasure. Always a laugh, I have to say. But really, we're here at the halfway mark now, on our journey, to share your seven key ingredients for business success. You might have seven key ingredients for something else. We'll talk about that separately.

Jason Cunningham: Maybe you should get my wife in on the next episode.

Jillian Bowen: Or maybe not.

Jason Cunningham: No, that's actually a good point.

Jillian Bowen: Anyway, back to what we're really talking about. What we've already covered is strategy, understanding your business, and of course, customers, and he was actually, Jason was giving our fabulous producer Chris a bit of lecture on customers before. Because I believe Jason, you'd like to see Chris jump out and be front and centre in this podcast?

Jason Cunningham: Jill, a lot of the feedback I've received from this podcast, a lot of our listeners, our audience, want to get an understanding of the man behind the producer, which is Chris. There's a bit of mystique around Chris, and I think today, in today's podcast, not only are we going to talk about the auspice that is ca-ching, but I think we might start to uncover this man behind the booth, which is Chris.

Jillian Bowen: It's good to know that my mum has been giving you a call, because she does thoroughly enjoy the podcast. Now, back to the serious business here. Just a reminder, if you missed any of the episodes that we've done to date with Jason, that was on strategy, understanding your business, and customers, you can find them on iTunes or Stitcher, or visit cpaaustralia.com.au/podcast, but let's get into it.

Today, the fourth ingredient, ca-ching, money, moolah, cash. Jason, why do you think businesses are driven by the wrong numbers, though?

Jason Cunningham: Yes. Good question. But before we start and before we leap into that, usually what I like to do is ask or get permission from our audience to have a little bit of fun.

Jillian Bowen: Let me just call my mum and check.

Jason Cunningham: I think it's important because I know typically as accountants we need to be very deadpan, we need to be very serious, we need to talk about debits and credits and what a wonderful job the tax office is doing spending our money across the country, but I like to have a little bit of fun if I can. Because I believe the more fun you have, the more you learn, and so with that in mind, I know our listeners can't say yes or not, but-

Jillian Bowen: Convenient that this is pre-recorded, Jason. I'm just going to let you go with that one.

Jason Cunningham: As you mentioned, I'm here to talk about the money, I'm here to talk about the numbers, and as you know, the seven key ingredients to business success, that word success is an acronym, and there's no "M" in success, and that's why I made it ca-ching, right? Someone once said to me, "Jason, ca-ching, isn't that spelled with a K?" No, my version, and it depends on what side of the Moonee Ponds Creek you grew up on, my version is ca-ching is spelled with a "C." If I can, Jillian-

Jillian Bowen: Can I just point out that cash is also spelled with a C? Small point.

Jason Cunningham: Should have told me that a year ago before I wrote a book. I could have just written ... That's a really good point there.

Jillian Bowen: Coin.

Jason Cunningham: There's another point, okay. Getting on track. I'm going to be controversial if I can and I'm going to say, this is right out there for an accountant to speak this language, but I'm going to say the numbers come last. Oh, I know. Now work with me here. Let's play a game. What I mean by that is the financials are not the driver of our business. I'd argue that most business, well every business should be built on the four key pillars, which are our people, our processes, and our customers.

If you get the right people and provide them with the correct environment and a conducive environment that allows them to be the very best that they can be, you give them the tools and resources at their disposal, you let them know what's expected of them, and you let them go, right? It's called strong fences, but big paddock. Give them a large paddock to run around, but have those fences nice and strong.

You look after your people. Then, you set down, "These are the correct processes. This the process or these are the systems that I want you to follow." Then you give them the opportunity to engage with the right type of customer, so the right people adhering to the correct processes, dealing with the most appropriate customer. That'll then drive the financials.

My point is, the financials come last. They are of utmost importance for you to work out, is the activity behind the financials, am I doing the right thing? That's why I say the financials come last. The financials are an outcome, Jillian. They're not a driver. We need to focus on the drivers, but we use that dashboard of our financials to understand how am I going with my drivers? Does that make sense?

Jillian Bowen: It makes sense. I think it is understandably a little intimidating for most people, because money makes the world go around. We have to pay our bills, we have to pay our staff. If we don't have the cash, we don't have a business anymore. But what you're saying is take a bit of a leap of faith and say, "The cash will actually come if you take care of this other business first."

Jason Cunningham: Absolutely. Now, as a caveat to that, though-

Jillian Bowen: Another C word there.

Jason Cunningham: Let's lay off the C words. As a caveat to that, my argument is you need to build a dashboard that helps you interpret the performance of your business. Now, too often, I will speak to a business owner, a new client, or if I'm talking to an audience, and I'll speak to a new customer and say, "Oh, how are you going? How much money are you making? How much money did you make last year?"

Often I'm greeted with a response like, "Oh gee, I better speak with my accountant." For mine, straight up I think that's madness, right? We've got this crazy belief that about 98.5% of our customers have the ability to add stuff up. I

know that's madness. I believe that the accountant's role, and I know a lot of our listeners believe the same thing, the accountant's role is to perform the proactive role.

So, we are masters of building balance sheets and profit and loss statements. We've got our head around interpreting that and we understand the reflection of this year's performance of making a profit or a loss is depicted on our balance sheet, whether that's an increase in our assets or reductions in liabilities, or a combination thereof, but what we are also, we are that trusted advisor. We're trusted with so much more than just a balance sheet and a profit and loss statement. I believe that when I talk about ca-ching, it's about-

Jillian Bowen: Or cash.

Jason Cunningham: Or cash, or coin. I'm talking about providing our clients who are our customers, with some financial data so that they can then subsequently make decisions upon the growth of their business.

Jillian Bowen: Nice. I am going to seriously annoy you if I don't drop the cash thing, so I'm going to move us onto something a little practical here. In the book, in chapter four ... I mean, ca-ching, you emphasise ... I'm just going to go to every bookstore with my Texta and cross it out. They could be worth money. In the book, you emphasise the importance of having the right structures in place to maximise those short and long term returns.

In other words, so the money starts taking care of itself. I want to throw them to you a bit, just one at a time, and get you to explain what you mean by that. Let's start with ownership structure.

Jason Cunningham: Yeah, good question. As a leader today, there's one thing I didn't mention before about this dashboard.

Jillian Bowen: I'm surprised there was something you didn't mention, because you mentioned a lot.

Jason Cunningham: I think there's a golden rule when it comes to running our businesses. Whether it's our business or our clients' businesses and helping them run the ... The golden rule is no data, no decision. One of our roles as an accountant is to provide that dashboard that enables the business owner, the decision maker, to make objective decisions as opposed to subject decisions. Subjective decisions, rather.

So, that's why this whole no data, no decision is imperative. In today's day and age of cloud based recordkeeping where we can get at our fingertips the information, I think it's remiss on us as an advisor not to be able to put that in place, and show our clients how important it is.

Getting back on track and the question you asked me, ownership structure, this is an area where a lot of our members, they're all over it. When I talk about ownership structure, I think the ownership structure needs to be fluid enough to account for three or four different variables. The first and foremost is asset protection.

Whether we like it or not, unfortunately our country's becoming more and more like the United States every day. That is, we're more of a litigious society where, "It's not my fault, it's yours" and in Australia, we have this whole tall poppy thing where people are like, "Gee Jillian, your successful and I'm angry at that."

I think having a structure that provides us with the utmost of asset protection is mission critical. In business, we're so much more likely or so much more susceptible to being sued than we are if we're an employee. I think having the correct ownership structure in place is very important, and also, making sure that the structure of our business is streamlined in the sense that we're all protected.

That's important from an asset protection perspective. The second key ingredient from this piece is also around the flexibility piece. What do I mean by flexibility? I mean this. The world is different today than it was five years ago. Our circumstances change quite frequently, so it needs to be fluid enough to enable me, if I've got more than one business partner, for people to leave the business, but also encourage new team members to want to join and become a partner or shareholder, director.

So, it's got to be fluid, it's got to be flexible to enable that. Then, the third piece is around that whole tax effectiveness. None of us, particularly us accountants, none of us like to pay more tax than we should, so again, I think that's important. We understand it in our business, so those of us that are in public practice understand how important those three key facets are. I think it's important that our members are armed with information to enable them to effectively communicate that to their clients, and share with them the importance of having the right structure.

Because time and time again, we see business owners in the wrong structure and because of the reason they didn't want to put the money upfront, it's going to cost hundreds of thousands of dollars in the long term.

Jillian Bowen: Now, obviously there's a difference between ownership structure and organisational structure.

Jason Cunningham: Yes, good from you, Jill.

Jillian Bowen: They both started with O so you had me on a bit of a confused path there for a minute, but I've moved on from C and I'm onto O.

Jason Cunningham: Yeah, let's talk about it. Let's talk about organisational structure. So, I have this inherent belief that the vast majority of our employees, we refer to them as team members, some people call them staff, but the vast majority of people that work in a professional organisation want to be the very best that they can be.

Now, to do that as an owner or as a director or as the boss, there's an obligation on us to provide them with that opportunity. So, when I talk about organisational structure, I talk about a couple of key points. Our people want to know a couple of key things. First they want to know, "What is expected of me?" The second is they want to be given the tools and resources at their disposal to perform the very best that they can be. That's why organisational structures are important. Now, you know those old org charts? They drive me insane, seriously.

Jillian Bowen: PowerPoint.

Jason Cunningham: Yeah, this rubbish and hierarchical sort of thing and, "I'm the boss, look at me. I'm really important, and one day you can be this important." I'm not necessarily talking about that archaic type system. I think it's really important that we give our team members an understanding of where they fit and who's who in the zoo, and how they interact with people, I think that's important.

I think also, career progression is really important and not placing a ceiling on anybody. I think it's our obligation as an employer to allow somebody to be the very best that they can be, and an important part of that is them being the very best that they want to be. Not everybody wants to be an owner, not everybody wants to be a partner, not everybody wants to be a manager. Could you imagine you had a business of 20 team members or 30 or 10, or 50 or 60, where every single person wanted to be the partner, or wanted to be the shareholder? I mean, who's going to do the work? I mean, but also, not-

Jillian Bowen: Interesting thought on partners and shareholders.

Jason Cunningham: Well, not everybody wants to go down that journey.

Jillian Bowen: No, and fair enough. They shouldn't want to. Everyone wants different things. There's certain jobs that give you more work/life balance, there's certain things that are more driven towards leadership. Other things are more about implementation. Personally, I really enjoy implementation. That's what floats my boat.

Jason Cunningham: Absolutely.

Jillian Bowen: Not the thought of being a CEO and being in charge. But, it's interesting. I'm going to go off on a tangent with you here, because I think you've actually tapped into something that is a really hot topic out there. When you go onto

places like Seek and other review sites, you go through companies and people have this ongoing criticism about lack of opportunity, lack of ability to move forward.

I often wonder, is this something that this hierarchy actually creates that isn't always true? As an individual, if we had less hierarchy and more of people actually competing with themselves, "How can I add to what I do here without thinking am I going up a level? Am I moving here? Am I going sideways?" What do you think about that?

Jason Cunningham: A term that's been in vogue for the last 12 to 18 months is this term called disruption, right?

Jillian Bowen: Ugh.

Jason Cunningham: Yeah, I know. I'm sick to death of it, right? Let's look at it through a different lens. I've argued for a long time that businesses could learn so much from professional sporting teams. I reckon if we, we're in Melbourne and one of the things that runs our culture is the AFL. So, whether we talk about the AFL, whether we talk about the NRL, whether we talk about the A-League, whether we talk about basketball, footy, whatever it is that we talk about, let's just take a professional sporting team and let's look at how they operate, and then let's compare that with how most businesses operate.

I think most businesses have got so much to learn from professional sporting organisations. And it's really on point with what you just mentioned. If you take a sporting team, take an AFL football side, what they do is the following. They practice, then they practice, and then they practice some more, and and they practice a bit more.

But before that, they do a preseason and get themselves right. They eat well, and they're constantly, continually learning and learning and learning, before they go out to play the game. In business, we go, "Hi Jillian. Welcome to our firm. You're starting now. No training, no practice, no nothing." We just throw you out to the wolves, right?

In professional sporting worlds, you have three or four different coaches, five or six, or seven or eight different coaches, and when we finally get to the piece where you understand the playbook, and we say, "This is how we do it," in business we call it, "These are our processes." But in sport we go, "This is our playbook, and this is your role, Jill, in the playbook, and what we want you to do is do this, this, and this," and we step you through it countless times before you actually get to play the real game.

Once the game is being played, you're getting continuous feedback. In footy or in the AFL, there's a runner that runs out and says, "Hey Jill, you've got that wrong. You do this. Don't forget to do this" and they're continuously reminding

you. Then, as we're getting up to quarter time, you'll see Channel 7 or whatever network's covering it will focus up onto the coach's box, and you'll see all the coaches getting all the data. No data, no decision.

They get all that information, and they start running down the stairs, and the siren goes, and they go out onto the ground. The players come off, and they players break up into their little groups. The mids, the forwards, the backs, and they all got a line coach. The line coach holds up a big board and says, "Hey Jillian, you're doing this wrong, this right, this, this, this, and this." They regroup, they run off, they play the next quarter, the siren goes. Whilst the cycle repeats, et cetera. Third quarter, the end of the game.

At the end of the game, the coach brings everyone in. Says, "This is what worked well, this is what didn't work well, this is what we need to work on." You then get a video of what you've done, and you sit with your individual line coach that says, "Jill, work on this. That's fantastic. That's your genius," et cetera, et cetera.

Contrast that with business and we say, "Hi Jill. Welcome. Here's a manual. Read that at your leisure." No one even takes you down for lunch. You just go and try and find a friend and have lunch with them. "Where's the toilet? Where's this? Where's that? Then, one year later, or maybe sometimes a year and a half later, we go, "Let's talk about your performance appraisal." I mean, if you think about that, it's actually madness, isn't it?

Jillian Bowen: Yeah.

Jason Cunningham: But why? Why does that happen? I ask myself, why does that happen? There's a couple reasons why it happens. Number one, effective feedback. We don't encourage courageous conversations, right? 'Cause we're frightened of it. If we break down the barriers in our organisations, and if we understand that we're all wearing the same jumper, we're wearing the same colours, and we're in this together, and I know if you ... Let's say for the sake of the argument, that you work for me. I know that deep down, you want to be the very best that you can be.

You want me to provide you an environment that allows you to flourish, right? And that you know that I want to do that, then all of a sudden, away we go. I really think, 'cause I love sport and I love business, I try to bring 'em together. What can I learn? What works and what doesn't work? I think there's a whole bit of madness in there that somehow, we could get some learning from it.

Jillian Bowen: Well look, as you say, no data, no decision, sounds a bit boring to me, but that's ... I love a bit of gut instinct.

Jason Cunningham: Yeah, okay.

Jillian Bowen: I personally think the two can work really well. I think gut instinct actually implemented slowly and conservatively with data to measure it-

Jason Cunningham: Agree.

Jillian Bowen: ... can be fantastic.

Jason Cunningham: No arguments from me.

Jillian Bowen: I've been selfish there for a minute and talked my own game. I'm going to take you back to data because I know you love it, and business performance data in particular. Let's actually break this down for people. It's not just the data, but what sort of data, and what sort of KPIs should they be looking at?

Jason Cunningham: Yeah. So, for mine, it depends on the business and what drives the business. I mentioned earlier in our podcast, I said, "Look, financials come last." Please understand, that's not a flippant comment and I'm looking at financial data every single day in our business. So, the first thing a business owner needs to do is understand what drives their business.

Now, if I may indulge, one of the businesses I understand really well is an accounting practice, okay?

Jillian Bowen: I'd hope so.

Jason Cunningham: Yes, let's hope so. We've built a team now. We are now 70 team members strong. We just acquired a practice in Sydney which is exciting. We've grabbed seven team members, taken us up to 70 team members. So, with a business like that, with 70 team members, we've got a pretty healthy payroll which brings to itself some challenges, but so we need to be on top of the numbers every single day, because one of the challenges for businesses, and I'm not saying we're a big business, but I'd argue we're a large small business. We've got really healthy turnover.

When you're turning over that much, then one of the biggest challenges we've got is cash flow, okay? Because we need to fund rent and fund wages, and often you need to do that before you actually get paid by your customer. So, in our business, there's a couple of critical success factors. Cash flow is important, so we are all over that, every day.

The second thing is because we're a capacity based business, we need to understand where we're at with capacity, and how effective we are, and how effective our team members are at achieving that capacity. But there's another step that's a lot more important. Rather than just looking at capacity in isolation, we need to look at what are the things, what are the demotivators, what are the things that are stopping our team members from achieving their capacity?

So, there's three or four different KPIs that we look at specific for our business, that we know whether we're on track or whether we're off track. We can capture that daily, so the software that we use to run our practice enables us to monitor that every day.

Jillian Bowen: So you're looking at the data every day, and that makes sense. The reasons you've actually given us there are absolutely sound for doing that every day, but is it the same for everyone? How do you know how often you should be looking at that data?

Jason Cunningham: I would argue for most businesses, at the bare minimum you should be looking at the data weekly. I go back to the analogy I gave before about professional sporting teams. They're looking at it every minute, and they're communicating to their key people in their business at least every 25 minutes, at the very least.

So, the key to it is to make it easy. If extracting the data is hard, you won't do it. So, that's one of the roles of us as accountants, whether we're a CFO, whether we're an internal accountant, or whether an external advisor. Our role is to take away the burden from our customer, be it our boss or be it our client, take that away from them, build a dashboard that enables them to be able to review that information real easily.

In our business, the system, the software that we use can produce most of that information anyway for us, so we sit it up on our dashboard. For a lot of our clients, we tailor make a dashboard that suits their business, and the key is to ask the business owner or your boss what are the key drivers that they're looking for.

Now, some of the information can be extracted from the financial statements, but some of it can't be. For example, if your business is on a growth projection, then really you've got to look at things like the activity that leads to that growth. For example, you've got to look at how are you building your leads? How are you going at converting those leads from being a lead to being a client? What are the number of meetings you're taking place? What are the feeder events that are happening in the background that create the leads that then gives you the opportunity to create the sale?

There's various different things that we look at, but then from the other aspect, other things that are important in a business that cost businesses money, so those leads talk about the revenue generators, but what about the cost to business? One of the biggest costs for most businesses is our payroll, okay? So, that's why I spend so much time in our organisation really focusing on our team. Because a high staff turnover is very expensive.

Now, you speak to any experts in the HR space and they'll tell you that typically the cost to replace a person is ostensibly their salary. So, if someone was earning \$80,000, the cost of ... Let's say you've got a gun employee and she's

had enough, and she resigns for whatever reason, and we're paying her 80,000. Not only do we have to replace her with another 80,000, but there's also this indirect cost of about 80,000 to get her up to speed, to pay the recruiter, get the ad out there, opportunity cost and all this sort of stuff.

So, therefore, staff turnover would be something that I'd be measuring in our business and working out how do I reduce that level? Because it becomes a very expensive exercise.

Jillian Bowen: Absolutely. I think people underestimate that. People are not replaceable. They're unfortunately replaceable.

Jason Cunningham: Yeah, that's right. Even the boss.

Jillian Bowen: Yes, absolutely. I think people tend to forget about that and they look at the figures because that's what's coming up and going, "Are we making money here, there, everywhere?" I love it when you talk about looking all the time. I'm going to go off on a tangent on you again and say, can you overlook at the figures, though? Because I know from my experience, I work a lot around social media and content. Even this podcast, the temptation to go in there hour after hour and watch one figure change. Can you go too far?

Jason Cunningham: I mean, you've heard the saying paralysis by analysis, you know what I mean? Getting too far into it. Sometimes it takes your mind off what it is that's important. I definitely agree that you can spend too much time on it, and that could cause you to look at the wrong thing.

Jillian Bowen: Well, you've said a dashboard and that's fantastic, and it's basically a dashboard that's tailored to your business.

Jason Cunningham: Correct.

Jillian Bowen: Important point. The accounting software will feed into that dashboard, but I'm going to go back to something you mentioned earlier, and I get what it is. If you've got a partner like mine who is frankly a little bit of a clown at times, he doesn't get what this is. Cloud accounting. Talk me through it. What is it? Some people don't really get this concept, and I understand why. Theoretically, we know it's all sitting there in the cloud, or in the middle of the ocean, or wherever that server sits. Moving beyond that, why is it beneficial? Why does that help the process?

Jason Cunningham: Yeah. So, understand I'm an accountant by trade.

Jillian Bowen: Really?

Jason Cunningham: Yeah, not an IT guy. There's two parts to that question. First, cloud, or having your system in the cloud, what that ostensibly means is you don't have a server

sitting in your office. It's sitting in someone else's office, okay? There are various different server houses that are bombproof, bulletproof, and world-proof and all this sort of stuff. So, your server's sitting out there.

When we talk about cloud based recordkeeping, the most exciting thing about it is twofold. First, as any accountant worth his or her salt will know, the hardest thing and the most important thing we need to do is reconcile a bank account. That's 101, you've got to get the bank rec right. That's what gets us all juiced up, bank recs. When you've got cloud based recordkeeping, most of them have the ability to sweep the bank account and the transactions are sitting there, so you can't miss anything that exists in the bank account.

But the second thing that's really exciting, and look at me get all juiced up as an accountant.

Jillian Bowen: He's just bouncing around the studio right now.

Jason Cunningham: The second thing is what can happen is you can have a conversation looking at some records, so your client might be in Dubbo, New South Wales. The accountant might be in Perth, Western Australia, and one of the shareholders might be in Melbourne, Victoria, right? We can all look at that data instantaneously, rather than the old days when we used to save it on a ... Well, back when I first started-

Jillian Bowen: Fax it?

Jason Cunningham: ... zip it on a disc. Yeah, we used to put it on a disc, and you send it to the accountant, and someone changes the records at their end, and it's a disaster. The information is live, it's fluid, it can change, and we can all look at it at the same time. You can run your business, or you can have a conversation with a shareholder or your client who's on holidays in Bali, they can pick up their mobile phone, whether they're using Xero, MYOB, Quicken, Reckon, whatever it is, all these guys are awesome.

You can have a look at it and go, "Wow, this is the information. This is my business right here." I reckon again, I hate that term that everybody's used, around disruption, because everything is the Uber of this. "I'm the Uber of the PT industry. I'm the Uber of accountants." Whatever. Please, it's boring me, right?

But to have the ability where you can run a business from your phone or your iPad or your tablet or whatever, that's awesome.

Jillian Bowen: Anywhere, anytime.

Jason Cunningham: Absolutely.

Jillian Bowen: It's the dream, isn't it?

Jason Cunningham: Yeah, absolutely.

Jillian Bowen: Who wants to be in an office anymore when you can actually be out of the office, go for a walk, clear your head, but still be able to see all that data? 'Cause that's exciting.

Jason Cunningham: It enables you to make decisions, right?

Jillian Bowen: I agree. I've got to stop you there, because I do agree. I think data is fantastic, and I'm, generally I'm the creative field, but I love bringing creativity and data together. All right, let's talk small business and big business, because we often separate them, and even you then before were saying you have a large small business. But as a small business, can we actually learn anything from the way big businesses work with their budgets?

Jason Cunningham: Absolutely. There is so much to learn. My history, again, I've mentioned this before, I speak from experience rather than opinion. One of the wonderful things about this country is everyone's got an opinion, and I learned early that your opinion of me is none of my business, that's yours. But what I want to share with you is my experience.

When I came out of university, I worked at Ford Motor Company, and Ford Motor Company, we would spend four months every year building our business plan and our forecast for the following year. That's how much importance the owners of Ford, the US parent company, placed on it.

Now, contrast that to most small businesses, okay? Most small businesses don't have a budget, and those that do do it this way. "Last year I turned over one million dollars. Add 5% and my costs were 700,000. Add 3% and this is my profit." Now I, for mine, think that's garbage. When you look at bigger businesses, those companies that are listed, they have shareholders. If you ever go to an AGM and you see the way shareholders behave, and I'm not talking about the AGMs we have here at CPA, because we have some entertaining and interesting ones.

Jillian Bowen: And will do so in the future.

Jason Cunningham: That may make the cutting floor, but if we talk about-

Jillian Bowen: I'm tempted to leave that in, though. Hello to all our members today.

Jason Cunningham: I'm a member. Yeah, absolutely. But if we talk about, if you look at the way an AGM operates, then the shareholders are sitting in the audience and they demand answers from the directors. What's the profitability like? They want to know two things, really. What's the profitability? What's the dividend policy?

How much am I going to get in dividends? Secondly, what's the growth strategy 'cause I want to see my value of my shares increase in value?

But as small businesses, we don't do that. Most small businesses don't review their dividend policy or their trust distribution policy. They don't do it enough, and most small businesses don't value their business today and where they want to be tomorrow. Those two pieces are important. The third thing is when a bigger business prepares a budget, they adhere to this notion of bottom up budgeting.

I mentioned before most small businesses, if they do budget, they go, they take the top line, they add 5% or whatever growth, and then they take their expenses, they add a bit of growth. Larger businesses with external shareholders, they start at the bottom. Bottom up budgeting. They start at the profit and they say, "What profit do we want to achieve? What profit do we want to adhere to?" They start with the profit, and they work backwards.

They say, "Right, if this profit, if last year we made a profit of X, and this year we want to make a profit of X to the power of two, then we therefore need to change these behaviours to create more revenue, and we need to change these sort of things, or curb this activity to reduce my expenses." That, when I talk about how does a small business learn from budgeting from a big business, that in itself is where it's at.

Jillian Bowen: It makes sense now. We're Melbourne people, proud to be Melburnians.

Jason Cunningham: Absolutely.

Jillian Bowen: I live in Richmond, which is a café culture part of Melbourne. I see this over and over again. Just the other day, on Instagram, this café closing after four months, fantastic first couple of weeks, everything quietened down, and I sat there and went, "How on Earth can you close after four months?"

Jason Cunningham: I know the answer to that.

Jillian Bowen: Something's wrong there in the planning, and you're going to tell me what it is.

Jason Cunningham: We could talk about this for hours 'cause I know a fair bit about cafes and what they do. Too often, people don't put a commercial hat on it. They go, "You know what? This stone bench top will look awesome. These table and chairs will look awesome" and most people when they build, or go in and renovate, or fit out a café, they don't start with that budgetary view. They don't start with the accountant's view.

Sorry. People just go into it too deep. I know when I started my practice 20 years ago, we put in \$10,000 each, and that was a lot of money for us. We bought a couple of computers, drilled a hole in the wall, put a couple together,

bang, we were networked, you know? Because if you tip too much money into that sunk cost right at the start, it's going to take you forever to recover that lost money.

There's a stat that was published recently in the Huffington Post that says 44 businesses in Australia shut their doors every day. 44. Madness. Did you know that only 4% of small businesses that open will ever reach a million dollars in turnover? Did you know that?

Jillian Bowen: Just heartbreaking, because that's the Australian spirit, it's a spirit all over the world. Entrepreneurship.

Jason Cunningham: 50% of all employees in Australia are employed by a small or medium sized business, right? Contrast to that, too often as business owners, and I know there'll be a lot of our listeners out there that's listening to this podcast that would be subject to this same thing, is we don't celebrate our wins enough. As a business owner, we think, "What can do I better? I've got to improve this process. I've got to get better at this. I've got to get better at that."

We don't stop and live in the moment and go, "Hang on a minute. Let's celebrate our success, 'cause you know what? We've done a lot of things pretty awesome and we've got this far." I think it's important to marry the two. Don't always be down on yourself and go, "I've got to improve in this area. I've got to improve in that area." We've also got to celebrate our wins.

When I talk about going away and sharpening the saw and taking time out of your business to build a strategic plan, part of that needs to be, "Hey, let's pat ourselves on the back, because we've done some good things."

Jillian Bowen: Well, it's a frustration to me, and I like your points there. 'Cause I actually was looking at it from a different point of view, and I think you're probably from a business point of view, correct? I looked at it very much from almost an arrogance point of view, that people assume. They think, "Oh, I'm brilliant, I've got a great idea" and they jump in headfirst. That's where your idea and my idea start to marry up.

They just think, "I'm it and a bit. Everyone's going to love me and I'm going to succeed in 10 seconds" and they spend too much money upfront.

Jason Cunningham: It's funny, because we spoke about this earlier on when we spoke about our customers, and too many businesses don't look at their business through the eyes of the customer. I don't want to go back on old ground. I have a story if I could quickly share with you. My wife and I have been together for 25 years.

Jillian Bowen: Congratulations.

Jason Cunningham: Thank you.

Jillian Bowen: To her. I'm sorry-

Jason Cunningham: No, congratulations to me for holding onto her. I mean, what she's doing with me no one even knows, but for her 40th birthday-

Jillian Bowen: Put a link to her Facebook page in the show notes so you can ask her exactly that.

Jason Cunningham: Please don't do that. So, four years ago, and she turned 40.

Jillian Bowen: She'll thank you for sharing that with the audience.

Jason Cunningham: Yeah, I probably made a mistake there. Sorry about that Ange. Yeah, so four years ago, it was coming up to her 40th, and we'd been to a lot of 40ths throughout the year and she was saying, "J, I don't know what I want you to do for my 40th. I want to do something different. We've been going to 40ths." You know, you go to 18ths, then you go to 21sts, then you go to weddings, then you go to first kids.

Jillian Bowen: Christenings.

Jason Cunningham: All that sort of stuff. We were in the whole 40th festive season, and she came up with this brilliant idea. She said, "J, I've worked it out." I said, "What's that, honey?" She said, "What we're going to do is we're going to speak to all our friends and all our families, and we're all going to fly up to Noosa, because we love Noosa and Noosa's an awesome place, and I'm going to have my 40th in Noosa."

I said, "Honey, that's an awesome idea, but no one cares as much about your 40th as you do." I said, "I'm not saying this to be mean or anything like that, but I just don't want you to set yourself up for failure." She goes, "Nah, nah, nah, everyone will love it." A week or two later after she canvassed a few of her girlfriends, it was like, "Nah, it's 10 grand." No one wants to spend 10 grand to go to your 40th.

Now, the reason I told you that story is not to tell you that my wife is now 44 years old, but more so ... She's actually 45 in a month. But also ... This is getting worse.

Jillian Bowen: And that hole is getting deeper and deeper. I know, we just need to set up a bed so Jason can sleep the night here after he's been kicked out.

Jason Cunningham: I like the office layout here. But no, but also, the notion is the same with business. Irrespective of what a wonderful idea you think it is, really, you've got to canvas and work out what it is that your customers are after. Because you may love kale in a milkshake with beetroot and celery and all this sort of stuff,

and that might be awesome for you, but maybe it may not be awesome for your customer.

Jillian Bowen: I'm pretty certain it wouldn't be awesome for the customer.

Jason Cunningham: Yeah, imagine chewing down a kale milkshake. That's a bit gross.

Jillian Bowen: Anyway. That brings us back to the seriousness of the day, and we're just about to rap this up. There is one more question I do want to ask you, and the challenge out there is we collect things. I happen to be a digital hoarder. I will admit to that. I am a shocking digital hoarder. I keep everything and I keep hundreds and hundreds of files. I keep every email I'm ever sent, just word to the wise there. If you ever send me something incredibly defamatory, they all go into a folder.

The thing that I often look at is how much of that data that I keep have I ever actually used? How can people in this same space, you're saying you get the data, data equals decision, dashboard, data, decision, we're into the Ds now. How do you make sure that you're actually making it actionable?

Jason Cunningham: Yeah, and acting on that. Yeah, so that's a super question and I appreciate that without notice, but ... Only joking. What a lot of us are very good at is being visionary, and what I mean by that is we've got a very good understanding in our mind's eye what does it need to look like? Or, what would I like it to look it?

Because we're all, in some shape, form, or another, we're all dreamers, right? Some of us dream more than others, but really, we understand that utopia and in our mind's eye, this is what it's going to look like. Someone once told me, "Jason, nothing is ever as bad as you think it is, nor will it be ever as good as you think it might be," right?

So, most of us have the ability to think, "This is what perfect world looks like." Where we struggle is how do we implement? I think that's what you're talking about, is the implementation piece. Now, one of the reasons why we don't implement things is because if I looked at your to-do list back in your office, I'm sure it could be as long as a horse's tail.

Jillian Bowen: No.

Jason Cunningham: Okay. So you're not like the most, but for most of us, when we get to work, there's a whole heap of things that we do. We could do.

Jillian Bowen: Used to be me. Let's see where you're going, and let's see if I match up to it.

Jason Cunningham: Okay. So you ask me a question, "Jason, if we get the whole data collection piece, great. How do we make sure we action on it and how do we make the decisions on which data we should make a decision on, and we should action?"

There's a book by a gentleman by the name of Dr. Stephen Covey, or it depends on what side of the Yarra you ... It could be Stephen Covey.

Jillian Bowen: Covey.

Jason Cunningham: His book's called "The 7 Habits of Highly Effective People" and one of his habits of highly effective people is to put first things first. So, in that instance, when you ask me that question, "Jason, what decisions do I need to act on?" I'd ask, what decision is going to make the most impact in your world today?

Jillian Bowen: Love it.

Jason Cunningham: That's the decision you should act on.

Jillian Bowen: Love it. Mine is called the top three each day.

Jason Cunningham: Oh, there you go.

Jillian Bowen: I have an A3 sheet. I actually do this printed out, 'cause it's easier to quickly write on it, and I have different categories of things that have to get done. Like for example, last week I had, "Write up talking points for Jason Cunningham podcast." That's under the podcast category. Just sat there.

On the day that I knew that that was one of my three things that I was going to achieve that day, I moved it up into my top three.

Jason Cunningham: Oh, right. Do you cross it out and write up there, or do you have a little thing, a little clipboard?

Jillian Bowen: I have a little tick box down the bottom, but basically I collate everything in just a dump area and when it's ready, so my aim is always to do three things in a day, maximum. Give myself three big challenges. If I go beyond that, that was a bonus, and pretty much without fail, every day if I put three things on there, I will complete them, and within working hours.

Jason Cunningham: Yeah, that's awesome. What a great sense of achievement you get from actually ticking off those three things.

Jillian Bowen: And it keeps me feeling like, "Okay, well I'm okay. I can see it's on a list. I know it's still there. I know that at some point it's going to make it into one of those three things of the day." So I think it marries up with what you're talking about. It's about actually going, "Okay, the data's there. Capture it. Know the things you want to do with it, but then give yourself position to stagger how you actually make it work."

Jason Cunningham: Yeah, absolutely, and when we go to helping clients and doing it at our own business, when we build a one page strategic plan, we use different language.

We use language, and I've found that language is really important, and the language you use as long as it resonates with you and your team. We use different language.

Rather than putting first things first, 'cause that's not my language, that's someone else's language, we put game changer. What is the one thing that's completely going to change the game for us? That's our big focus for the next year.

Jillian Bowen: Perfect. Jason.

Jason Cunningham: Jillian.

Jillian Bowen: We have to stop. We've come to the end of ca-ching, cash, coin. I am sorry, but I just, I can't help myself when I saw the ca-ching and went, "Yeah, why didn't he say cash?"

Jason Cunningham: Yeah, that's a fair point.

Jillian Bowen: But I kind of like ca-ching, and I like the fact that you've actually taken it outside the square, and changed the way it's spelled. It's given it ownership and that is what it's all about. Everyone can have a formula, everyone can follow a formula, but when you add a little bit of your own personality to it, that's what makes for a winner.

Jason Cunningham: Thank you.

Jillian Bowen: So, I have to tell everyone, Jason Cunningham is literally one of my favourite people. I don't just say that. He's so much fun to have in here. It's like herding cats. I say that with great affection, but it's also really valuable and it is an amazing experience to hear you talk about these things, because you do. You don't just give me stats and data. You actually add passion to the data.

Jason Cunningham: Well, thank you, Jill.

Jillian Bowen: I hope everyone got that today as well. Your data is really important to your business. Add a bit of passion to it like Jason, and you are on the path to success. I am looking forward to next month where we are going to catch up again and we're going to talk not in the C category. We're moving on from customers, ca-ching. Next letter in success is?

Jason Cunningham: E for egg. No, we'll have to wait 'til next month I think.

Jillian Bowen: Let's see if everyone wants to join us on social media. [Twitter.com/CPAPodcast](https://twitter.com/CPAPodcast). Let us know what you think we are going to talk about in the E category, next month. I tell you what, first person that gets it, can we maybe give them a copy of the book?

Jason Cunningham: Absolutely.

Jillian Bowen: Love it. But if you do want to get the book, 'cause you are just so anxious to actually find out more about Jason, please jump along to jasoncunningham.com.au. Jason, thank you again for your time today.

Jason Cunningham: Thanks for having me, Jill.

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