

CHARLES BARNARD: Have you ever looked at your finances and wondered, what is happening? How am I going to meet my commitments this month? Or even thought that enough is enough. It is just too much. I am going to go and pack it up and go back to a full-time job and let someone else worry about payroll. Well, I am a business coach and treasure hunter. I help business owners find a minimum of \$50 000.00 in hidden cash. It is my 50:45 challenge and I do it in forty-five minutes or less. I am Charles Barnard and I want you to meet my business.

INTERVIEWER: There are tens of thousands of small and medium businesses around the world. Some of them might have the product service or solution that you have been looking for. In this series, we meet entrepreneurs and find out how you can benefit from what they have to offer. Micro, small and medium-sized enterprises provide more than two-thirds of all jobs worldwide. These types of entrepreneurs support their community and contribute to its identity. Let us meet one of these people today and find out more about them on Meet My Business.

CHARLES BARNARD: I am Charles Barnard, and my business is The Growth Engineer. The first thing I want to talk to you about is why you would actually want to need my products and services. We all know the world has changed. COVID-19, the war in Ukraine, global inflation, supply chain challenges, food, energy, material shortages resulting from the war, higher costs, inflation, rising interest rates, you name it. Our world is changing and not necessarily for the better. The 1970s saw the same sort of prejudice and many businesses went under. My dad's included. It was a period of extreme challenge for the entire world. The only way many businesses survived was by being smart, building a cash surplus, and using it judiciously. It was bad enough being hit by COVID-19 and with the lockdowns and forced closure of business activity, many businesses I know used up the limited cash reserves they had. Cash is slow, profits are down, and everything else is under pressure. Over the years there has been plenty of research that shows that the majority of businesses that closed their doors for the last time were actually profitable. They simply ran out of cash. In fact, that is what the word insolvent means. There is not enough liquid cash to keep the businesses afloat. As stated before, the 1970s saw many businesses go under. And at the same time, it was also the birth of Microsoft and Apple.

The story is pretty much the same for most recessions with many companies, including the well-known giants such as Facebook, Uber, Airbnb, Netflix, and PayPal having been born during various downturns in the economy. All of these present-date giants started small but had a growth mindset and were prepared to build a better future. They identified their strategic positioning, created a market-dominating position, and exploded their growth. This is precisely what The Growth Engineer helps you do. Now, we may not be able to help you become behemoths like these examples, but we can and do help you grow faster and more cost-effectively than you ever thought possible. Some of the smaller businesses we have worked with have grown so quickly that their original top-line revenue is now their bottom-line profit. An example of this is a small tea shop that turned their original \$48 000.00 annual turnover into a \$52 000.00 annual profit within one year.

At the same time, several larger businesses with multi-million dollar turnovers have more than doubled their businesses in eighteen months or less. We run a 50:45 challenge that helps just about any business identify opportunities for growth and cost saving. We typically find between seventy-five thousand and one hundred thousand in forty-five minutes or less. Often, we find more than this. So, finding a minimum of \$50 000.00 in forty-five minutes is an easy promise to deliver.

I have got a business that is a specialised medical furniture-making business. When I got there, their turnover eighteen months ago was roughly \$2 million, they were losing money, and were heading for bankruptcy. The business owner was so busy doing stuff that he could not work on his business. We have actually managed to get him first of all to identify the differences where he was making a profit and where he was not. We identified that even though he was selling roughly \$2 million, and had four hundred customers, he actually made most of his profit on only fifty of those four hundred customers. The others were actually costing him money to serve. So, one of my first things was to hone in on the profitability of that business, identify who the customers were that were actually profitable, and what products they were buying, and by doing this classification we were able to really hone in on where he was making money. Now, it enabled us to do the next step, which was to say, how do we differentiate that from everybody else? We worked with him, we built some

significant differentiation, and his messaging has become a lot clearer, he is not spending as much on his marketing, and he is much more focused. He is also not spending as much time training people that were coming and going and doing different types of welding on his machinery. He has got a jig that has simplified, so it actually speeded up his production process as well. The net impact is that he is now making instead of one of the really profitable chairs, twice a week, he is now making eight a day. The impact has been that his revenue has gone up to \$4 million and he is enormously profitable. He has also been able to hire additional staff and all of this because we were able to hone in as to where the business was making the most money out of the individual products and then exploding growth in that area.

Now you may ask yourself, how do I do that? Let me explain. It does not matter what business you are in. There are only three ways to improve your profitability. Increase your revenue, reduce your direct or variable costs, and reduce your fixed costs or overheads. Now, each of these three approaches has its pros and cons. Often when growing revenue, the first thing people do is spend more on marketing, hoping to grow sales. Whilst spending more on marketing is not inherently wrong, the problem with this approach is best summed up by that famous quote from John Wanamaker. "Half the money I spend on advertising is wasted; I just do not know which half". If you have not identified your market-dominating position and then built the underlined capability to consistently deliver that promise, you are undoubtedly throwing money away. I have seen many businesses both grow revenue and reduce costs without spending anything on marketing or advertising. They merely focussed on the 20% of their activities that deliver 80% of their profit. They even improved this by then deliberately removing the areas of businesses that were costing them money. Instead, these businesses focussed on generating more leads through strategies such as alliances, joint ventures, and other lead generation strategies that cost little or nothing to implement. After this, it becomes really important to work on driving sales conversion rates using down-selling, bundling, cross-selling and similar strategies. None of this costs anything more than what you were spending in the first place. Any other options where people need to cut costs, one of the things you do not want to do under any circumstances is cutting your key capability. However, if you have not identified that real capability that differentiates you from your competition, there is a real danger that you will cut your capability. That is exactly

why I emphasize, you simply cannot cut your way to growth.

Now you may wonder how we identify these opportunities. Well, here at The Growth Engineer, we use a proven combination of proprietary software, and many years of experience to take deep dives into anything up to forty areas of business that impact where and how you make your profits. Obviously, it is not possible to work on every area in a short time, which is why during our session, we hone in on those areas that will make the biggest impact with the least effort. The true application of the 80:20 rule. For our session to be primed and give you the best return on your money, I do ask a few foundational questions ahead of the session. Perhaps the most important of these entails understanding why you started your business and also any idea of where you want to take your business over the next few years. This last question is so important as it really will define your strategy over the next several years. So, one of the things that I do which is perhaps really different to a lot of other business coaches is that I actually combine my engineering, my business philosophy from the MBA, the strategy, and everything else that goes along with business growth, and my Masters in Business Coaching, which is really applied psychology. When you put those together, I have actually created, what I consider as my underlying philosophy of business growth where I actually put in the foundation of cost management.

Now you might say, why cost management? But if you think about it, if you do not have a proper sales program, and you are not using a proper sales process, the chances are that you are wasting a lot of money. So, that is where I look at. Again, with marketing, if you are not measuring what you are doing, the chances are that you are wasting a lot of money. So, wasting money is actually what we focus on in cost management. There are other couples of areas as well. If you are growing your accounts receivables faster than you are growing your revenue, you could actually be accused of actually wasting money because you are having to fund that unnecessarily. So, that whole range of areas where cost management actually drives overall profitability in a business. And many people do not realise that by dropping your cost percentages just a little bit can actually make dramatic improvements to both your profitability, and you will break even. So, cost management is a massive opportunity that not many business coaches have the experience and the knowledge to deliver. The reason that I can actually bring this to

you is because, over the last forty years I have gained qualifications in engineering, an MBA, and not least a Masters in Business Coaching. I have also, much more importantly, gained many battle scars from working with corporates, and multinationals, owning my own businesses, and running a consulting operation for myself and for others. I have worked with many successful companies ranging from Coca-Cola, and Barloworld Logistics, to Petzetakis, and ICI Nobel. I have also worked and lived in more than seven countries over my career, most notably in South Africa, the Middle East, and most recently Australia. With these large businesses; bring corporate discipline to much of what I do knowing that a small business has different needs and what works in one area may not work in another is just as important. It is knowing that sometimes CEO stands for Chief Everything Officer and that the CFO is the Chief Family Officer. And knowing that, can make such a difference as to why something succeeds or fails. It is this eclectic mix of engineering, finance, marketing, and applied psychology from my formal education combined with real-world experience and proprietary software I use, that ensures I can find hidden cash in just about any business in any amount of time.

I am really passionate about what I am doing. I have already alluded to my dad's failed business. The truth is, he was not a bad man. Far from it. However, he was a really bad businessman. He simply did not know what he did not know and when that 72 energy crisis hit, the business went under. I cannot help him, but I can honour his memory and I can help other people in the same sort of situation. So, I can help them avoid the same outcomes that befell our family. As my career progressed, I quickly moved from mechanical engineering to working in supply chain logistics, and then as I moved up the ladder, my responsibilities moved from doing it myself to guiding others. In essence, I became an internal consultant, working with others to implement change. Even when I was a part-owner of a plumbing supplies company, and ran the sales and operation of the business, it was very clear that my role as a General Managing Director was more of a guide than being the operator. But it was also during this time that one of the most important lessons of my life came when we were running this business. I had bought into this business as a means of getting a working Visa to move to Australia. And yes, I have done my due diligence on the business itself, however, I have not made the same level of effort on my new business partner. Let us just say that we won all the resulting court cases

but lost the war as he declared bankruptcy taking out the capital. It turned out that he owed the tax office more than he owed me. This experience shaped the rest of my career and having to pick myself up and start afresh in a new country at a mature age is quite humbling. And apart from the impact on my self-esteem, it made me realise the importance of numbers, the power of financial statements as a scorecard, and guiding to improve the business through the P&L and balance sheet. And that is why I now look at the marginal cash flow of every business I work with. It is essential that we first verify that the business will not grow broke when we implement growth strategies. Now we already alluded to most businesses running out of cash before they run out of profit, and if you are not careful that can happen to you.

So, my focus is always on ensuring that we get a positive cash flow as part of our foundation strategies and then grow the business. That ensures that we have a better relationship with the bank, and we can fund accelerated growth strategies knowing that we are not going to grow broke. And this is exactly the sort of approach that we use when working with a new manufacturing client. This particular guy was actually having to put in eleven and a half cents out of his own pocket for every dollar of growth that his business generated. His business fundamentals were wrong. No wonder he had to refinance his home and take out a second mortgage. To make matters worse, he actually recently employed a sales coach to grow the business faster. He was going to grow broke. Fortunately, we identified the underlying problem, made some changes to his business model and he is now growing very quickly. He has even been able to pay back his second mortgage within three months so, that is what I do.

Most of us have heard of the 80:20 rule. In business, it is almost certain that roughly 20% of what you do will result in 80% of your profit. Conversely, it is highly likely that 20% of what you do will also result in 80% of your losses. Our aim is to identify both of these ends of the spectrum, stopping the bleeding, and boosting growth. So, we use proprietary software to quickly identify these opportunities. The software is extremely powerful, and we actually use up to about 497 000, just under half a million possible algorithms to drill into the opportunity. Fortunately, our clients do not need to know any maths or complicated jargon to make use of this power. Use simple English, and targeted questions and that is the way we tease out the real

opportunities in hidden cash. In most businesses, all we have to do is use the software to do the heavy lifting once we have actually teased out the opportunity. And what we then do is make lots of small incremental changes. And the reason we use this approach is to ensure that the actions are easy to implement, we do not disrupt the business, and most importantly, we get quick wins. It is this compounding power of several small changes that deliver the outcomes and the big results that we get. So, once the opportunities and the impact is clear, we actually build a prioritised timeline to get a clear understanding of the implementation path. So, when you know the structure and you have got the estimated timeline of what is needed, it just helps us drive the changes and make them stick. It is this structured process that enables the deep dives and program that delivers and turbo-charges the outcome.

All our clients receive a detailed report with the timeline and an implementation plan. There is always help including training programs, and group or individual coaching available for those who need additional support. I have got a book which I actually call the 50:45 Challenge which can be downloaded from my website. It is there and it also gives you a lot of education. Not just only in the techniques and processes I use. It opens up the series for about fifty videos that I send you over the course of a year. So, there is a lot of information that is available through just downloading my book. My website is www.thegrowthengineer.com.au. My members-only website is thegrowthengineeracademy.com.au and on LinkedIn, I am The Growth Engineer AU and on Facebook, I am Growth Engineer AU. There are always videos and lots of materials but also one of the things that I find not a lot of people have but I do have on my website is the ability for you to ask me any questions. I have got a little section there which enables you to go in, post a question and I will answer you within twenty-four hours. It can be anything on business and I will do my best to give you everything I have from my experience. The other thing is that there is a really good ability to do a little audit on your own marketing and do a marketing audit through using a questionnaire on My Business as well. Those are things that I know would be extremely beneficial to people.

So, my ideal client is a business that is product related, often a manufacturer, or an importer or distributor of specialised products. It typically sells in a business-to-business environment and has between five and fifty staff. Their

challenges often entail being too busy, not having enough cash, and finding it difficult to scale. Many of these businesses are what I call satisfactorily underperforming. They are making a profit, usually around 5% or less, just enough to keep going but not enough to build real wealth. The owners and co-owners are usually men between the ages of thirty and fifty. And it is a family business. They often have children that they want to bring into the business. In some cases, the children are already working in the business. Usually, these business owners are trade oriented, and may not have had too much education about business specifically. They have had to learn how to run a business on the go. Often their biggest concern is to build a business that can serve to generate wealth for the family and subsequent generations, but they are not really sure about the best way to do so. They have got so many ideas and they are just not sure of how to turn that into a reality as they get sucked into the whirlwind. It happens every single day.

In many cases these guys have boot-strapped the business but they have now outgrown the funding and do not know how to systemise the business so it becomes self-funding. Our role as The Growth Engineer is to help turnaround these businesses and make them into thriving, prosperous entities for the long term. So, when you think about the business owner, you have got to be coachable. You have to be able to want to do something in your business. If you are not prepared to accept change, if you are not prepared to act on advice, we are wasting each other's time. It is absolutely critical that we can work together, that we can jointly develop solutions for the business, and then implement them. I am there as your guide, but you are the person that has to do the work. And that is really important to understand that. I can help you, I can do a lot of it for you, but the reality is, when it is all said and done, you have to do the work. If we cannot have that relationship happening, then it does not work for either of us. So, it is really important, do you want to grow your business, and how committed are you to making that happen? Thank you for spending time with me. I trust that the next time you are looking for a business coach who is focused on helping you grow, you will consider contacting me. Please share my details with all your networks. My name is Charles Barnard, and my business is The Growth Engineer.

INTERVIEWER: Make sure you support micro, small and medium businesses.

They provide authenticity, originality, and quality. They drive innovation because they want customers to come back. They are part of and help define our communities because they are headed not by executives but by people. More importantly, you can benefit from their excellent, personalised customer service. Find the contact details of today's business in the description and comments, and join me next time as we discover another business in Meet My Business.

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