



TOGETHER
for a sustainable future

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Small-scale Industries in Developing Countries

Vienna, Austria, 10 - 14 November 1975

THE "LOOK AFTER YOUR FIRM"
WORKING MATERIAL ^{1/}

by

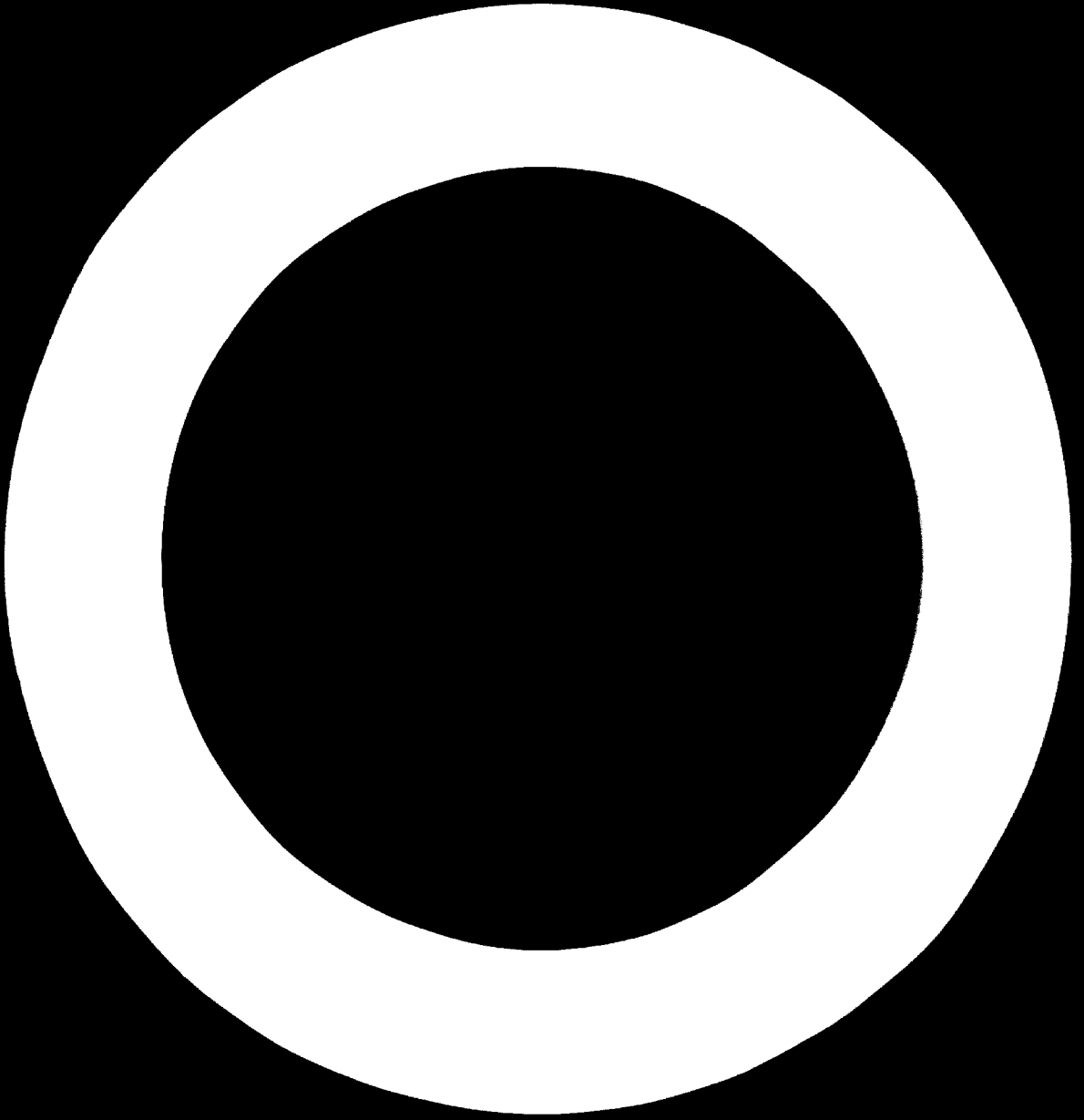
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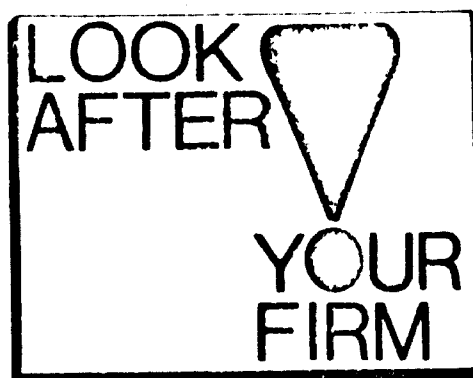
We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards even though the best possible copy was used for preparing the master fiche.



"Se om ditt företag" - Business Analysis

In 1970 the Swedish Employers' Confederation (SAF) published the analysis material "Se om ditt företag". It was the result of a solid effort to do something valuable for the small and medium sized firms. These are an important group as 93 % of the 26 000 member firms have less than 100 employees. "Se om ditt företag" has then been an important thing in Sweden, something of a movement, with unexpected wide acceptance and application.

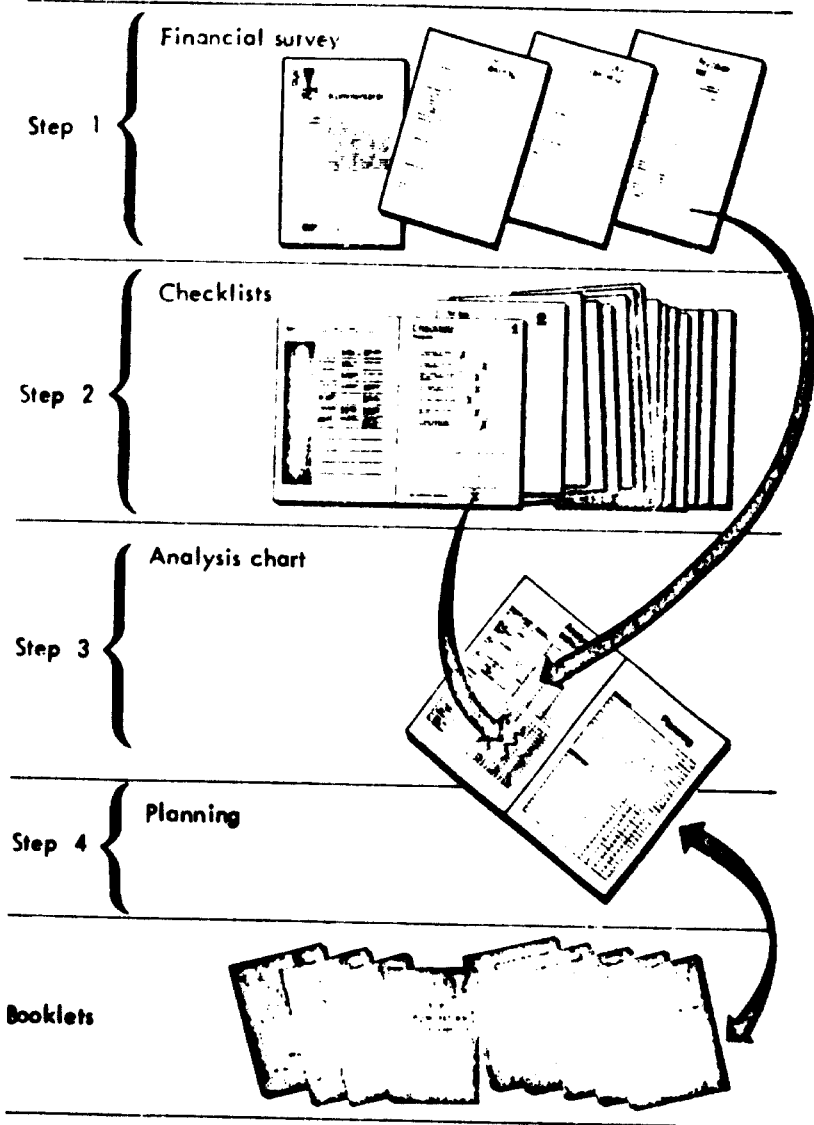
The intention of the project "Se om ditt företag" was to spend real effort on making a simple and practicle aid, which the entrepreneur himself would like to use - help to help yourself. Still the aim should be to produce a material which made it possible to analyse the whole business, to see the strengths and weaknesses and to get an overall view of the whole company. The result can be said to have been a quite unique product. We have not found anything similar in the whole world.



At the outset one important thing was to find a name of the material which should imply the quite new approach - to present a top management manual in a simple language and adapted for small companies. To achieve this understanding we carefully chose a phrase, which is directed to the entrepreneur himself and which gives the feeling of a colloquial approach, "Se om ditt företag". When we talked about the material in English

we tried to find a corresponding expression, and after some contacts with British people we chose "Look after your firm". We still use this translation when talking about the Swedish material. It has later been published in Britain by the British Institute of Management (BIM). This adapted version has got the name "Know your business".

BUSINESS ANALYSIS
in four steps



The material published in 1970 was the **Business Analysis** (now called part 1 Analysis). It consists of a binder with forms and comments for making a financial survey, resulting in a set of key ratios, checklists for preparing an overall analysis of the operations of the company, and a chart for compiling results and planning suitable measures.

Additional material - but not compulsory for making the analysis - are nine booklets which provide concise and succinct advice and instructions in a number of particularly important problem areas.

New booklets are continually under preparation, and three supplementary booklets are now available. This year we shall publish another booklet.

To avoid a misunderstanding. This is not a training material, it is a working material, for the entrepreneur and his fellow-managers to use.

The spreading

"Se om ditt företag" has been a selling success. More than 17 000 copies sold in Sweden means a lot. The interest in other countries for the material has been very high. The four other Northern countries have translated and adapted it. The same with Great Britain, Italy and the Netherlands. West Germany has decided to make their own version. Switzerland, Austria, Spain, Greece, Brazil, Australia, Liberia and Nigeria consider to do the same.

Why such a success? Let us try to analyse this.

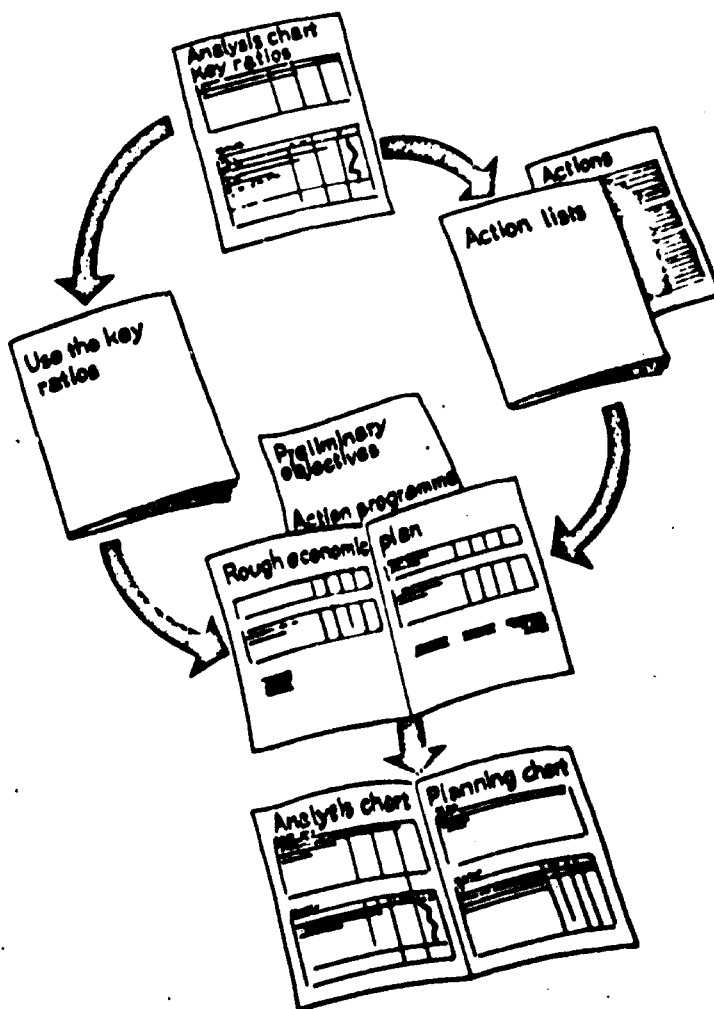
- We have based the work on approaching the entrepreneur himself in his own language. We started with thorough interviews in some 50 companies.
- We have tried very hard to adapt the material to the need of the small companies. We have carefully chosen most important things together with the entrepreneurs.
- During the whole development period we have been in touch with the entrepreneurs. They have had the opportunities to test it and to affect the content before printing.
- The development work has also been carried through in close contact with other bodies busy with small business, such as banks, accountants, small business organisations etc.

One important thing is also that the whole thing is based on a strict system of rules to follow without having to make special investigations in advance. Further it must be a stimulating set up of the material.

From Analysis to Action Programme

Many business men have requested a second part with hints and advice on how to act when planning for coming years. We published in 1974 part 2 Action Programme, which starts where part 1 Analysis ends. This material will help the business man to regularly and systematically examine his company and consider what steps should be taken in order to safeguard the company's future.

There are four components in part 2 Action Programme: Key ratios, Action lists, Rough financial plan and Summarize.



- o **Key Ratios.** The key ratios in the Analysis section provided a review of the financial situation. One work booklet gives detailed instructions on the interpretation, rating and use of key ratios. The booklet results in preliminary objectives and programmes.
- o **Action Lists.** The checklists in the Analysis section made it possible to perform a systematic review, one company area after another. Here, eight booklets with action lists provide hints, advice and instructions on how to tackle critical areas or specific problems. They are linked to the checklists in Part 1.

- o **Rough Financial Plan.** This component consists of forms and a booklet with instructive comments. The examples presented show different ways of drawing up a rough financial plan. Using this material, you devise the company's permissible financial framework for the next few years. The entire procedure results in balance sheets, profit and loss accounts and key ratios for the planning period.
- o **Summarize.** Everything is summarized in a planning chart which also indicates the company's historic development. The programme should be studied with a critical eye! Has the company chosen the correct level of achievement? Is the programme realistic?

MINI-VERSION for the very small firms

The smallest companies have requested a simplified version of the analysis material. These are an extremely large target group - within SAF's sphere of influence almost 60 % of the member companies have no more than 10 employees. In 1974 SAF has published a highly simplified version called "Se om ditt företag - Mini-version" (Look after your firm - Mini-version). This embraces both analysis and action programme in extremely simple terms.

Mini-version generally may be used as an introduction to "Se om ditt företag", or by very small companies for rough business analysis and for indicating suitable programmes of action.

The mini-version does not provide the answers to all the problems encountered in a company, but it does provide guidance, especially in areas that are commonly known to be most vulnerable.

Much efforts have been put down to make this material easy to use, i.e. concise and colloquial text as well as many illustrations.

Mini-version consists of two parts

- a work booklet, 24 pages
- a handbook, 68 pages

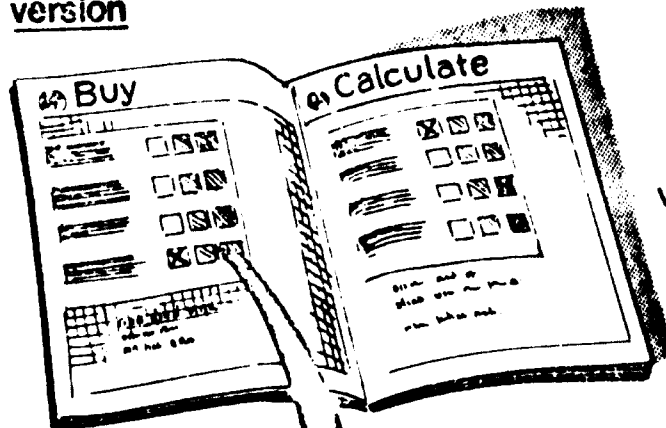
Content

The following 12 headings show the disposition of the content in both books. These headings are chosen to cover the whole activity of a company:

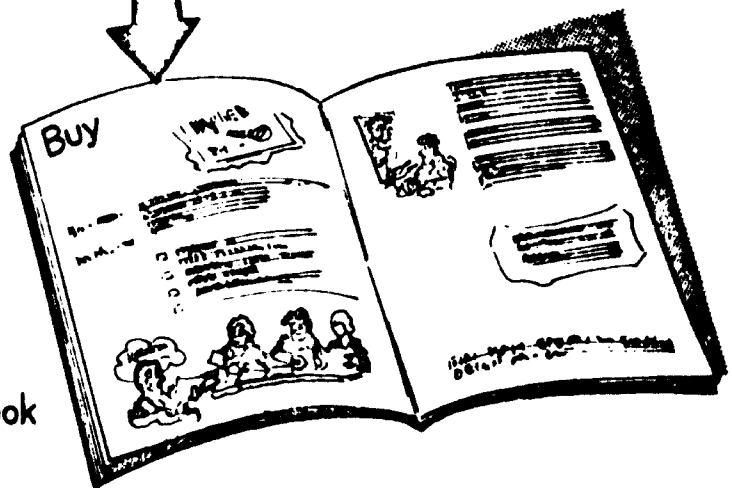
To sell	Office work
To buy	The business economy
To calculate prices	To grow or not
To bill	To calculate investment
Personnel	My private economy
Workplace and equipment	To use advisers

The idea is to use both books parallel. In the work booklet reference is made now and then to the corresponding text in the handbook.

**mini
version**



work booklet



handbook

Work booklet

The work booklet is layed out as a note-book and is to be regarded as working material to be replaced at least every year.

Under each of the twelve headings there are a few particularly important questions to regard. The entrepreneur shall mark for each question the situation for his own company and also make immediate notes, when he gets ideas.

A simple form of financial survey is included. The economic situation of the company can be followed up by putting together some data from the orderly accounts. From these data some key ratios can be computed.

A few directions are given for the entrepreneur to summarize the analysis and to start planning for at least a year ahead. One way to do this is to make a budget. Here is a simplest possible model to help start budgeting.

Small handbook

Under each of the twelve headings are put together the most important experiences, hints and examples which can give the entrepreneur ideas for his own activity. The aim is to be concise and elementary, so therefore you can only include the most important things. Two sections, however, have been regarded to need more space.

Many entrepreneurs feel uncertain about how to calculate prices. Therefore this topic has been dealt with in more detail including directions and examples.

The economy of the business is often a very difficult topic for the entrepreneurs, and they have difficulties to read and utilize balance sheet as well as profit and loss account. A section about business economy includes elementary introduction in these questions and tries to show how the account can be a valuable practical aid.

The handbook finally has comments to planning of an action programme and also includes a filled-in budget example corresponding to the one in the work booklet.

"Se om ditt företag" (Look after your firm) - Summary

Complete system

When the latest parts of "Se om ditt företag" have been developed we can say that there is available a complete working material for analysis and planning in small and medium sized companies, even for the smallest ones.

- Part 1, Analysis For a total picture of the company and indication of weak and strong points
- Part 2, Action Programme For planning of actions and financing for the next few years
- Mini-version For those who want to start in the easiest way
- For rough survey of very small firms

The various parts complete each other and are built up in the same way. If you like you can start with the Mini-version, and if you find this too simple you can continue with the basic material. The whole system is designed according to the following main principles:

- The entrepreneur shall have the possibility to - with reasonable efforts - get over sight and control over the activity of the whole business, he shall get a total view of the activities. The set up presupposes that the entrepreneur is not a professional manager.

- He shall be able to continuously and in a simple way follow the development of the business so that he can see where and when actions are needed.

Trade information

"Se om ditt företag" was devised to treat general management and to suit a variety of different trades. But general applicability is difficult to achieve.

Part 1 - Analysis is available in a general version as well as in special versions with checklists for various trades.

Part 2 - Action Programme is currently available in a general version, which also has been supplemented with material from the Engineering trade. An adapted version is also available for the distributive trades. Other trades plan similar arrangements.

Mini-version is available in 4 editions: manufacturing, service, distributive trades and construction.

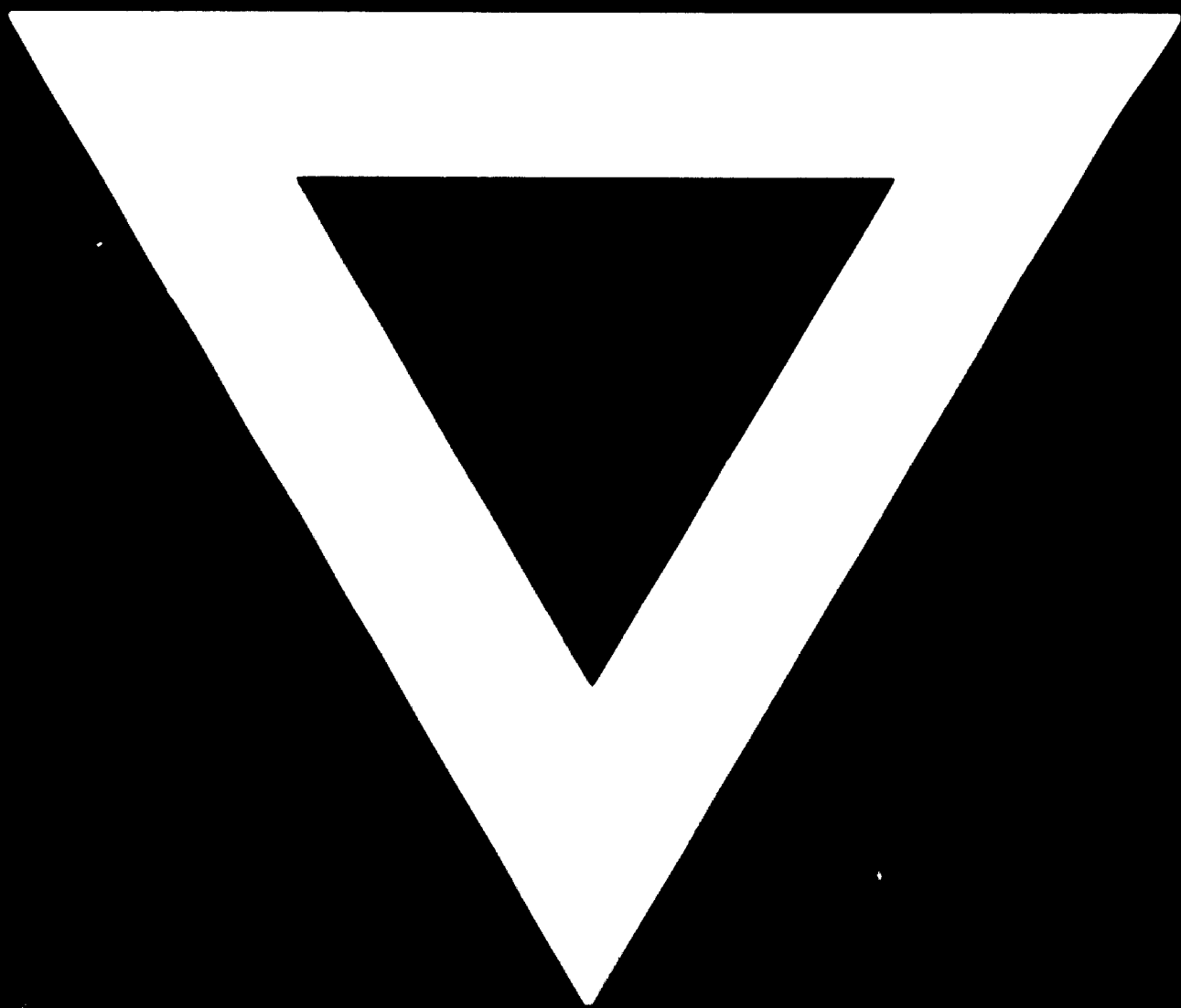
Proper usage

It is important that the material is used in the right way and with regard to the special condition. The material cannot in this abridged form be complete, it is much simplified. Thus it is not possible only to take parts of it and expect the same effect. Therefore it is necessary that all experts involved in all contexts work for this basic concept so that the utilization of the system will be up to expectation.

One important question is the great international interest for the material. Most countries have difficulty to translate from Swedish and mostly would like to have an English version. To make it easier for publishers abroad we have now made a complete work translation in English of the Swedish original. The sole purpose of this translation is to facilitate translation and adaptation into other languages and it must be used only after agreement with SAF on publication rights and the terms in connection therewith.

One advice for the various publishers. You should not just treat this as a book, place it in a book stall, advertise, make a brochure etc. If you want the effect that the small firms should use the material and improve their performance, you have to continually work with conferences and visits in companies, to get banks, auditors, accountants, consultants and others to work with it in the companies, to now and then present cases, to keep the whole thing alive. The system should be quite as common a means for management as the ordinary accounting system.





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