

Forecasting

Unlock your Possibilities

Have you ever met a business owner who didn't want to improve their business?

Entrepreneurs are driven by 'the itch'. If you've felt it yourself, you know exactly what I mean. It's that innate gnawing, discomforting feeling that comes from a deep, and often lifelong, conviction that there has to be a better way. The itch is never far away - it lives in your head, distracts your thoughts, nags at you. I'm no psychologist, but to me the itch is as deep as DNA. It's not a learned behaviour, so it can't be 'unlearned'. There is no escape.

Entrepreneurs start businesses because the itch gets too much. They resist it, they damp it with logic, they try to ignore it, but it never goes away. As time goes on, it intensifies. Finally, they are compelled to do something about it.

The caricature view of the entrepreneur as a risk-taking, slick-talking hustler could not be further from the truth. The real entrepreneurs, the ones that you and I work with, are just people doing everything they can to scratch their itch. And no matter where they are in the world, no matter what industry their business serves, no matter what age, sex, creed or colour, the itch, the belief, the drive to find a better way is exactly the same.

They can see the path ahead. They can see the forks in the road, the options, the decision points. And they need help to work out which way to go.

At Castaway, every day we talk to entrepreneurs and to the accountants who look after them. Our customer base is split evenly, so we get a healthy range of views from both perspectives.

The Entrepreneurs tell us they see the services their accountants provide on 3 levels:

1. They appreciate the compliance work that keeps their business on the right side of the law
2. They value the work that supports and sustains the business (bank loans, grants and the like)
3. They love the work that helps unlock the possibilities of the business (scratching the itch)

It should be no surprise that their level of 'excitement' about the fees they pay follows the same order.

The Accountants we talk to tend to fit into one of 3 categories:

1. A few tell us "my clients just don't need that sort of stuff"
2. Some say they build budgets and forecasts when clients ask for them
3. For others, forecasting is the backbone of their advisory practice. Clients love the work they do and happily pay their fees

To the first group ... who knows, they may well be correct. But if there's even one entrepreneur on the client list, I guarantee that firm is not asking the right questions.

When we dig deeper with the second group, their focus is generally the entrepreneur's second level of satisfaction, the sustaining and supporting work like applying for bank loans and grants, churning out annual budgets and the

like. Although the demand generation is reactive, this work is useful for clients and can be readily systemised and productised into a profitable service ... definitely a win-win.

The third group are different. They work differently, they think differently, they talk differently. And they get different results for clients. By different, I mean better ... much better. Of course, the question of "how" they are different has a hundred answers.

One thing stands out for me. The third group have gone beyond forecasting as a maths exercise focused on putting numbers on a page. They've evolved to embrace the idea of forecasting as a framework for exploring what is possible. This is a big step, in both mindset and methodology. They've found the holy grail - a way to help their entrepreneur clients scratch the itch, a way to help those entrepreneurs unlock the possibilities in their business.

It's a simple idea, but it's counter-intuitive, especially for firms with strong compliance-based business models, where efficiency and capacity utilisation are the traditional optimisation tools.

But it's also entirely intuitive. Clients perceive the greatest value when you help solve their biggest, most annoying problems. And for an entrepreneur, the 'itch' is the most significant long term problem there is. And forecasting, the process of looking ahead, considering scenarios, facing realities, game-planning responses, making decisions, is the best framework I know for unlocking possibilities, for finding solutions to the itch.

So how do the third group of accountants start the conversations with their clients? How do they build the interest? How do they get the clients to happily agree to engage them?

Well, the good news is we've seen lots of different approaches ... and they all work very well. It's a matter of finding something that works for you. If you're looking for somewhere to start, here's a simple 3-step approach that involves zero selling, but is highly effective at unlocking possibilities for both you and your client.

1. Find the itch

Here's an idea. Find a client. Take them to coffee, or to lunch, or just have a call. With genuine interest, ask 3 questions:

1. Why did you start this business?
2. What were your dreams for the business back then?
3. How have those dreams changed?

You're looking for the itch.

Given the chance, and an engaged audience, most entrepreneurs love talking about their business. Some will open up immediately, the ideas and stories will just start flowing. For others, the conversation might take some time to get rolling.

If you've been in business a while, the daily grind, decision fatigue, pandemics and other challenges can wear you down ... it's all too easy to forget (or suppress) the original dreams for the business. In this situation, be patient and nurture the conversation. The memories will start to come back, a

trickle at first and then more. Keep at it and you'll see the imagination spring to life and the ideas start to flow. That's the itch firing up again ... it never goes away.

2. Run a Possibilities session

It's not a strategy conversation. It's not a business planning session. It's not a SWOT session. It's not even a forecasting discussion.

It doesn't need to be complicated, or deep, or detailed.

Grab a napkin or a sketchbook or a scrap of paper. Find a stack of post-it notes and some coloured markers. This is lo-fi design. We keep it plain and simple because the tactility, colour and physical movement all seem to help people access better ideas.

It's a possibilities session. It's about tapping into the itch, unlocking the possibilities that exist in the business and in the entrepreneurs' mind. You don't need to know all the answers, just the right open questions. Here's a few ideas to get you started:

- If money were no issue, what would you change in the business?
- If you were a competitor, how would you compete against the business you run today?
- If someone gave you 50k to invest in your business (or pick an appropriate figure), what would you do with it?
- What stresses you or frustrates you about the business?
- If you could start this business again today, would it look any different?
- How would you double the size of this business? How would you halve it?
- What projects would you like to do in the business?

As the ideas come out, jot each one down on a sticky note. Use mind-maps, flow charts or create your own method to dig deeper or expand the thoughts into something more fully formed. Whatever it takes, capture the ideas and don't interrupt the flow.

We do this at Castaway. Every time, we come away with enough ideas to fuel dozens of internal projects.

3. Rough out a roadmap

On a whiteboard, a glass window, or a big sheet of paper, make a timeline. Create 8 columns along a line, one for each of the next 8 quarters. If it's a fast-growth business, change that to 8 months. Or make it whatever time interval suits you best.

Now grab the sticky notes full of ideas from the Possibilities session and start adding them to the time that makes most sense. This process is iterative and will trigger discussion on priorities, constraints, dependencies. It will likely spark more ideas too, so keep some blank sticky notes handy.

You might find as you work through the process that several alternate paths open up. They might arise from different options for priorities, or be pointed at different objectives, or different resource and staffing needs. This is exactly what you want.

These are key decisions and you now have the chance to make them consciously, with intent. This is a much more powerful outcome than letting the business just keep rolling along.

Connecting the roadmap to the forecast

Once the roadmap is done, you can proceed to build a forecast. Or forecasts, if there are still several roadmaps on the table. Like all forecasts, this also ends up as a bunch of numbers on a screen. However, it is so much more than the 'fun with maths' forecasts we talked about earlier. This forecast is now built from the roadmap you helped design for the business. Every number is part of the story of the business. And the story of the business is now designed to scratch the itch. It matters.

And when you come to compare actual performance against the forecast, the variances mean something. When the actual results are different to what you expected to happen, there's great value in the discussion. What worked? What didn't? What should we do more of, less of? How should we refine our approach? The variance discussion is now the heart of a learning loop for the business.

And the best thing? You never run out of things to talk about. And the conversation is always about how you are creating value by helping the entrepreneur unlock their possibilities. And that is what it takes to scratch the itch.

Michael Ford, Founder & CEO, Castaway Forecasting