

Module 4: Doing It!

Maximising the Value of Your Time

As a self-employed person, time is your most precious asset. The way you use it directly affects your earnings and cashflow. This section gives an outline activity planning approach to help you get a good sense of what you need to focus on. It can also give you the 'beginnings' of your business plan and an estimate of what you could earn in a year.

This pragmatic technique is easy to use, highly thought-provoking and can act as the bridge to a very useful business planning session with your accountant.

Activity Plan

Months	Quarter 1			Quarter 2			Quarter 3			Quarter 4			Totals
Total available													
Chargeable time													
Marketing and sales													
Administration													
Holidays													
Spare Days													
Totals													
Quarter phasing													
Pricing													
£													
£													
£													
£													
Totals													
Quarter phasing													

Completion Instructions

Step 1:

Using your diary, take each month in turn and calculate how many working days are available. Exclude weekends and bank holidays. The answer is 232 days for the year. This equates to 100% utility opportunity.

Step 2:

Think about the activity headings you will want to have in your bespoke plans. There are some obvious ones, e.g:

- + Chargeable days (possibly at different rates)
- + Marketing and sales (you may want to split this into two headings)
- + Administration (including finance / business planning)
- + Holidays – we all need them!

There may be others you want to include, e.g:

- + Attending conferences and events (to keep on top of your market and to update your professional knowledge)
- + Training and development (to hone new or upskill existing skills)
- + Time to pursue a particular interest or hobby
- + Pro bono / charity activities

It's your plan so tailor it to your requirements.

Step 3:

Start with the easier headings where you know your time allocations and total these up.

Module 4: Doing It!

Step 4:

Chargeable days – you may have an idea of what you can achieve in Year 1. If not, the following might help:

- + Don't put anything in for three months to give yourself time to build business (either direct or through a third party)
- + In your first year, 100 days tends to be a sensible target to aim at, i.e. 40% utility
- + There may be some seasonal variations in your line of work that you need to take into account. The Christmas period and July and August are often lighter, decisions might be held up and people might not be around to meet or work with.
- + Shuffle the numbers around so you end up with a picture that looks realistic.
- + Go back over each activity and think about what each element is all about – is there anything to add, take out or refine?

The Financials – initial picture only

- + From what you know, consider the charge-out rates for some of your main activities. For example, consulting, project management, non-exec work.
- + Make some judgements on how many days of each you could do in each month and then total them to get an estimate of what you could earn
- + Go back and re-shuffle until you come up with a realistic scenario

General Points

Jot down all your assumptions. These will be very useful, not just for you but also for your accountant in business planning sessions. This is a very thought-provoking exercise. It does take a bit of shaping and version 5 or 6 will be sharper than version 1! Your use of time is really put in sharp relief as everything starts to be 'real', especially the need to win chargeable days at the best rates possible.

Typically the following questions will emerge:

- + What can you do to achieve your results? What top three things could make all the difference?
- + What assumptions do you need to check?
- + Are your charge-out rates enough?
- + What can be put through the business, e.g. subscriptions, professional fees, training and development courses, equipment, software? You need to recover all legitimate expenses.

Many more points will be triggered by completing this exercise as time analysis is such a practical way of looking at your business and the way it will need to function. All of this will help you and your accountant to tailor your business plans and the way you need to record everything.

MODULE 4 SUMMARY

- + Time is an Independent's most precious asset. The way time is spent defines and influences everything else.
- + Activity planning can act as a bridge between your operating and business plan
- + Analysing your activities in this way can provide a great conversation framework to use with your accountant. It can also give you a very good initial idea of your earning potential.
- + The outputs from this module feed directly into the one that follows which focuses on the Business Plan