COMMERCIAL BRIEFING - NO. 20

The Right Question

Most business owners ask what they can take out of the business. They work out the tax. They calculate what the business needs to generate. Then they wonder why hitting that number feels so hard. The better question runs the other way. Start with the life you want to build. Work backwards to understand what your business needs to look like to make it possible. That shift in direction changes how every commercial decision gets made.

A Moor & Co commercial briefing June 2026 - Commercial advisory for small business owners

IN SHORT

The conversation most business owners have about money runs in one direction. They think about what they need to earn, they work out the tax, they calculate what the business needs to turn over, and they set off trying to hit a number that feels arbitrary because it was never properly connected to a commercial plan. The result is that growth becomes reactive rather than deliberate. Pricing gets set by instinct rather than by target. Costs drift upward because there is no clear anchor for what they should be. Customers get taken on because revenue is revenue, not because they fit a model that works. The conversation worth having runs the other way. Start with the life you want to build. Work out what that costs in full. Then work backwards through the business to understand what it needs to generate, at what margin, with what customer base, and at what cost structure, to make that possible. That single shift in direction changes everything about how the commercial decisions in the business get made.

1.

The question everyone asks

"What can I pay myself?" is the question almost every business owner starts with. It is a reasonable question. Running a business is hard work and you need to be rewarded for it. But as a starting point for commercial planning, it has a significant flaw.

It begins at the end. The answer to "what can I pay myself" is determined by what the business generates, after costs, after tax. Which means the planning process starts with an outcome rather than a plan to achieve it. Everything works backwards from an income target that was set without reference to whether the business can realistically reach it.

This is why so many business owners feel like they are always chasing. The number is real. The commercial roadmap to reach it is not.

> *"What can I pay myself?" is the wrong starting point. The right question is: what does my business need to look like to support the life I want to build?*

2.

Working backwards: what it actually means

Working backwards is not a complicated concept but it does require honesty about what you actually want from the business. Not what feels achievable. What you genuinely want it to look like in five years.

That means being specific. Not "I want to be comfortable" but "I want to draw a certain income, own a business that could be sold, work four days a week, and stop worrying about cash at the end of the month." Specificity matters because the commercial implications of those goals are very different from each other, and you cannot plan for all of them at once without knowing which ones are the priorities.

Once the personal goal is clear, the commercial question becomes: what does the business need to generate, net of all costs, to fund that goal? And then: what does it need to look like in terms of revenue, margin, customer base and cost structure to produce that result consistently?

That chain of questions is the commercial plan. Not a spreadsheet. Not a projection. A set of connected decisions about how the business operates.

3.

The numbers that connect personal goals to business performance

This briefing does not provide tax or financial advice. The right person to model your specific income structure is your accountant. What it does address is the commercial layer underneath those numbers, which is where most of the planning work actually sits.

Once you know what the business needs to generate, four commercial levers determine whether it can get there:

REVENUE

The top line is the starting point, but turnover on its own tells you almost nothing useful. A business generating significant revenue at thin margins can be less commercially viable than a smaller business with strong margin. The revenue target that matters is the one derived from your net income goal, working backwards through your margin structure. Most business owners have never done this calculation. They have a revenue aspiration but no clear line connecting it to personal financial outcome.

MARGIN

Margin is the most controllable commercial lever in most small businesses, and the most neglected. Pricing decisions are made on instinct. Costs are accepted rather than managed. Supplier relationships are not reviewed. The result is that margin drifts downward over time without anyone noticing, because revenue is growing and that feels like progress. A business without a clear margin target is a business that cannot reliably connect its revenue to its profit, and cannot therefore connect its profit to the owner's income.

CUSTOMER MIX

Not all customers are equal in commercial terms. Some generate strong margin. Some generate volume at poor margin. Some require significant management time that reduces the effective return. A business that takes every customer it can get because revenue is revenue is a business with no commercial strategy. A business that understands which customers produce the best return and focuses on building more of those relationships is a business that is working towards a plan.

COST STRUCTURE

Fixed costs create the floor below which the business cannot drop without consequences. Variable costs determine how margin behaves as revenue changes. Most small businesses have not mapped this clearly. They know roughly what they spend but they do not know what their costs would look like at different revenue levels, which makes growth planning guesswork. Understanding the cost structure is the foundation of any credible commercial plan.

4.

What changes when you have a clear commercial target

The most significant thing that changes when you work backwards from a clear personal goal is that commercial decisions stop being arbitrary.

Pricing has a target. If you know what margin the business needs to produce and what revenue it needs to generate, you know what your pricing floor is. Every quote, every contract, every negotiation with a supplier has a reference point. The question is not "what will the market bear" but "what does this need to be to contribute to where I am going."

Customers have a filter. Not every customer is worth having on the terms they want. When you know what return a customer needs to generate to be commercially worthwhile, you can make that assessment clearly rather than accepting business because turning it down feels risky.

Costs have a ceiling. If the business needs to operate at a certain margin to meet its targets, then cost decisions are not just operational. They are commercial. Hiring a member of staff, taking on new premises, subscribing to a new system: all of these need to be assessed against the impact on the margin that the business plan depends on.

Growth has a direction. Businesses without a clear commercial target tend to grow in whatever direction generates the most immediate revenue. Businesses with a clear target grow in the direction that improves the commercial position. That is the difference between growth that makes the business better and growth that makes it bigger but not necessarily more valuable.

5.

The conversation worth having

The commercial conversation most business owners should be having with themselves, and with their advisors, is not "how much can I take out?" It is: "what does my business need to look like to support what I want, and what decisions do I need to make to get it there?"

That conversation covers pricing, margins, customer selection, cost management, revenue mix, and the longer question of what a business that supports the life you want actually needs to be worth. It is a commercial and strategic conversation, not a tax one.

According to the Office for National Statistics, approximately 20 percent of UK businesses do not survive their first year, and around 60 percent do not reach their fifth. The FSB's small business surveys consistently identify planning and financial management as among the most significant factors separating businesses that grow from those that stagnate. Working backwards from a clear personal and commercial goal is not a sophisticated exercise. It is a basic discipline that most small businesses never apply.

6.

Where to start

The starting point is clarity on what you actually want the business to do for you. Not vaguely. Specifically.

- What do you need to draw from the business each year to live the way you want to live?
- What does the business need to generate net of costs to fund that, consistently?
- What revenue, at what margin, with what customer base, does that require?
- What is the gap between where the business is now and where it needs to be?
- What are the two or three commercial decisions that would close that gap most directly?

Those questions do not require a complicated financial model. They require honest answers and someone who can help you connect them to a commercial plan. That is the conversation Moor & Co is built around.

ABOUT MOOR & CO

We help small businesses answer the right question.

Moor & Co provides senior commercial expertise working with small businesses across North Staffordshire and South Cheshire. Strategy, pricing, margin, procurement, sales process and exit planning. Not the accounting. The commercial decisions that determine whether the accounting ever looks the way you want it to.

Every engagement starts with a free discovery call. No charge, no commitment. Just an honest conversation about your business and what it needs to look like.

Free discovery call moorandco.co.uk	**Commercial intelligence tools** 3dmai.co.uk

SOURCES AND NOTES

1. Office for National Statistics: Business Demography, UK 2024. Business survival rates by year of registration.
2. Federation of Small Businesses: Small Business Survey 2024. Planning behaviour, financial management and growth outcomes among UK SMEs.
3. British Business Bank: Business Finance Guide 2025. Financial planning and growth strategies for SME owners.

This briefing addresses commercial planning and strategy only. It does not constitute financial, tax or legal advice. Tax structures, salary and dividend strategies, and personal income planning should be discussed with a qualified accountant or financial advisor. The figures and calculations appropriate to any individual situation will depend on personal and business circumstances.