EVALUATING BUSINESS STAGES

Understanding Owner(s) The Good , Bad & Focus Needs

Their are 4 stages of forward movement in all business models with owners. This template of information is to assist in evaluating where the business owner and their model fits in the journey of success. Conquering each stage leads to successful growth and finalizing a very profitable exit.

STAGES & OBJECTIVES

STAGE 1 : ***The Start-Up* –** Conquering Objective (**Planning & Implementing**)
STAGE 2 : ***The Entrepreneur*** – Conquering Objective (**Organization & Structure**)
STAGE 3 : ***The Company* –** Conquering Objective (**Growth & Profit**)
STAGE 4 : ***The Enterprise* –** Conquering Objective (**Leadership & Culture**)

WORK POSITION PROGRESSION AT EACH STAGE

Intern to Employee: This position starts at research, learning & proving a concept then promoting that offering to produce the work in a way that makes money.

Team Lead to Supervisor: This position starts with doing active production with some light help to the owner(s) as needed then promoting to a position where others are producing most of the work with supervision.

Manager to Director: This Position starts with leadership assistance from team leads and supervisors over the workload. Managers may still do some production but, not on a day to day basis. The promotion from this position means converting those leads from overseeing the expectations to setting the expectations of production with the owner(s) guidance.

VP to CEO: This Position starts with managing the thinking leaders of the company to insure each divisions duties are being done by the people set in place. The promotion from this position means becoming the person that imparts the vision & mission upon all lead thinkers of the company to create a collaborate & linear focus. This is the look of a Successful team.

STAGE DETAILS

THE START-UP (Create)

Size: Usually Just Owner(s) – **Owner Mentality**: Confident & Determined
Company Position :Intern – **Promotion**: Employee

The Good :
Confidence in risk | Fresh start advantage to build & plan | Flexibility of business direction

The Bad : No brand yet | No established income | No proven model | No clear path to success. At this point everything is theory. A lack of focus on where to start is developed because of owner(s) desire being greater then the reality of return. Unfortunately, Worries of minuscule task become the focus. Concept of service or product interest is not proven therefore, the business success model & operations cannot be proven yet due to lack of data.

Focus Needs :
Identify target audience | Create brand, reputation & Market Direction | Develop path to payments. By only focusing on these items first the process of securing customer interest and understanding if the possibility of long-term revenue goals can be captured. This will also educate the owner(s) on the true value, investment and desire of the market. The idea at this stage is to make money, learn and see a path to growth. People are buying for a reason so, understanding that reason gives you a long term education on where to focus for growing.

THE ENTREPRENEUR (Build)

Size: Usually Owner(s) | Part-Time Help – **Owners Mentality**: Hard Work & Dedication
Company Position: Team Lead – **Promotion**: Supervisor

The Good:
Has proof of concept | Generated Income | Full Engagement of the Business | Has Exposure

The Bad :
Inconsistent Income | Lack of Organization | Inconsistent Discipline | No Structure.
At this time business is running but, the understanding of freedom has created barriers against maximum revenue in its current state. Owner(s) at this point are handling most of the work with some light help and the expansion of responsibility causes lack of focus to create consistent pay. The reality of it becoming a serious business is realized but, at this point making a living becomes the primary focus due to the fact that the Owner(s) are now fully invested in the business with both time and money.

Focus Needs:
Organization of duties | Time Scheduling | Understanding of Capacity to Increase Production, Administration & Sales. At this stage a basic business model can start to be formed by structuring standard hours, duties and basic customer policy. Most owners at this point have a hard time creating simple offers due to decisions being made based on monetary need. Stopping the focus of monetary need and cleaning up all the complications of doing to much in the business actually develops a clear path to more time & money from simple core offers. Customers like things simple just like you do. Narrow your focus expand your income.

THE COMPANY (Grow)

Size: Usually Owner(s) | Leads | Staff – **Owner Mentality**: Exhausted but Promising
Company Position :Manager – **Promotion**: Director

The Good:
Income mostly consistent | Delegated Task | Established Reputation | Owner(s) doing more managing then production | Owners see the potential the most at this point

The Bad:
Inconsistent Labor | Quality Issues | Owner(s) in dual leadership & production roles | Painful Growth | Unawareness of margins. At this stage business is more steady but, difficult in workload to the owners. The owners have figured out what they need to make revenue. Owner(s) now understand how to sell, the quality of service needs and the importance of a team. The biggest lack is created from the focus of getting the work done. Owners at the stage are getting steady business and just want to get the work done. The process of working smart becomes a lost focus. Owners in this position are doing more managing then production but, usually get stuck with production due to the lack of workers. This ends with a lost focus on margins, fulfillment quality, processes, proper team building causing burnout on the owner(s).

Focus Needs:
Building Systems | Understanding Numbers from Data Mining | Reporting Systems | Fulfillment Breakdown Processes | Development of Standard Operation Procedures | Customer Value. Although everything seems busy the owner(s) should be focused more on data to build a better capacity and fulfillment. The target is to understand the amount of production needed against what is current. Owner(s) should be focusing less on revenue and more on profit margin. Breaking the fulfillment steps down from customer ordering to completion as well as qualifying steps to customers and team members is essential at this phase of business. Good data means knowing your business from a sheet of paper & not from doing the work. This inserts the owner(s) in a directors position for better operations which means better performance, better capacity, better teams & better customers for better profits.

THE ENTERPRISE (Scale)

Size: Usually Owner(s) Directors | Managers | Leads | Staff – **Owner Mentality**: Deserving
Company Position :VP – **Promotion**: CEO

The Good:
Service & Product Offerings Diversified | Established Management Team | Established Brand | Capitol Structure | Systems & Process in Place |

The Bad:
Leadership inconsistency | Infrastructure weakness | Divided Management | Company Vision Buy-In | Unhealthy Company Cultural | Collaborative Direction. This is a final stage before the opportunity of successful exit options are available. Systems are in place but, now there are multiple leaders over many different divisions of service. Lacking a singular form of leadership the company splits in many different directions of thought and guidance. If unchecked this will hurt profits due to overall performance issues. The lack of good leadership creates a lack of loyalty with staff causing constant turnover and heavy training cost.

Focus Needs:
Improving company culture must be the priority at this stage in order to keep the company moving forward. Human resource management competency should be the best investment at this stage. By binding the culture and creating a good collaborative environment, a linear vision can be seen by the team. An investment in leadership guidance can convert each director into the idea of individual owners of their divisions. This will keep the foundation of upholding company protocol a priority. As Directors and owner(s) use collective ideas to run the company this will create the feel of a partnership. Partnerships share rewards and failures which creates an investing interest to succeed. Owners must practice seeing their leadership as partners and utilizing the culture to bind the overall vision.

The Conclusion

The evaluation of a business & its owner(s) must be sited differently. The owner maybe operating the business different then its size . If the business is the size of a stage 3 company but, the owner operates as a team lead to the business the problems maybe greater due to the owner not promoted to the right position in thought causing the business to greatly slow growth. If you have this problem exist in reverse such as a stage 2 entrepreneur but, the owner operates as a director the build of the business will move to fast causing a major lack in necessary steps to pace a good profitable growth of the business. This creates fast success & fast failure. Both must grow at the proper pace for the greatest chance of success. The Diagrams below show the uphill battles and evolution along with the stage patterns to growth and success. If the proper strategy is accomplished The business can grow to unlimited heights. The objective is to go through each step at a good pace both as the owners in their position of thinking and the business in its steady movement in size.

Exhibit 1: Growth Phases