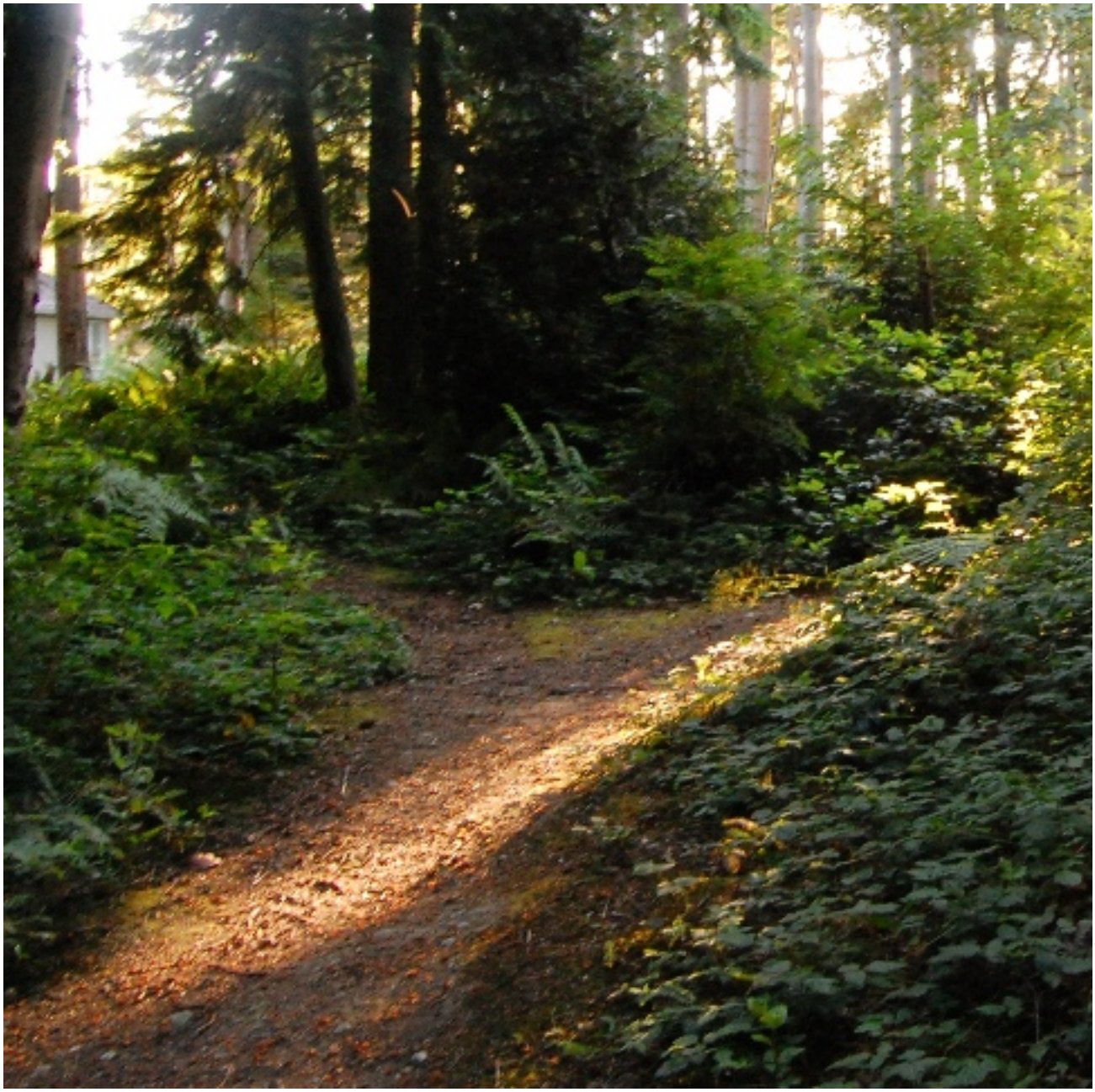
Five Steps to a Better Stronger Small Business – The Article

Fri, 01/29/2010 - 08:20 — Chris



[1]

Summary

- Small business is hard. How do you know you're prepared to be a small business owner, and how do you create a better stronger business?
- Make sure you are on the right path. Are you executing your passions? Is it easy to dedicate time to it? Do you have a plan? Do you believe in yourself and your vision?

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- Build a system for success. Create a vision of the future. Build a repeatable system and execute well. Instrument for success. Improve what doesn't meet expectations. Maintain momentum.

Why is this so hard?

About 1/3 of all small business startups fail in the first two years and less than half make it to four. - Small Business Administration

We meet with many small business owners, and hear a few questions and complaints repeated in almost every case. Such as, I don't know what to do next, I work hard but the business isn't growing like I'd like, I need more time to keep things going, and I can't remember the last time I took a 'real' vacation away from the business.

Getting on the Right Path

I believe there are four main ingredients that an entrepreneur needs to have in order to be successful; passion, focus, diligence and faith. If the small business owner doesn't have one or more of these about his/her business, then the journey we're about to embark upon will be that much more difficult and often results in failure.

Passion. There are things we do to get paid, and there are things we do because we love them. And if we're very lucky we get paid to do the things we love to do. Small business owners should be doing that which they're passionate. If not, it will be difficult to pull it off.

Focus. It's easy to do things but difficult to do the right things. There's nothing quite like writing down what we're going to do then accomplishing it. As a small business, having a plan and then having the ability to execute that plan is a key for success. Not letting everyday crises interrupt the plan's achievement exponentially increases the success of the business. A caveat, be sure to plan for crises, because they invariably happen.

Diligence. Focusing gets us to do the right things; diligence is the wherewithal to do it. Eliminating distractions (like email) when it's time to do the hard parts of the plan and sticking to execution until something has been achieved is part of the recipe for success. It is extremely difficult to do, the most able and strongest of us will win if they can do this well.

Faith. Every decision a small business owner makes is a leap of faith, that's why it is extremely important to believe in your vision. If you don't have faith, no one will believe you when you're selling them your business and no one will follow.

Build a system for Success

Now that you know the ingredients to be a small business owner, it's time to build an excellent organization.

Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before defeat. - Sun Tzu (Chinese General and Author, b. 500 bc)

Strategy is important but without execution is no more than a statement of intentions. Building an excellent organization is equally important but can be a waste of energy and resources if not properly directed. It's the mix of each of these that are the key factors to a successful organization; success is equal to strategy plus execution. At Ceptara, we think of achieving success using five steps, simple to understand, but challenging to accomplish.

1) Create a vision of the future.
A vision is much more than a statement; it's the guiding light for the whole organization. This is true for

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a one-person shop as well as a large company. There should be enough clarity so that the when the 'plan' is shared with anyone they understand what you're trying to accomplish. When first starting a business, this often takes the form of a business plan [Get our free template] [2]. For ongoing organizations, each year the business should create a strategic plan that reiterates the direction for the company and establishes the annual goals.

Of all the small businesses that succeed, 75% of those make it because they have a 'Turn Key System' - The e-Myth Revisited, Michael Gerber

2) Build a repeatable system and execute well.
Designing an organization to deliver customer value and ultimately drive profitability should be embarked upon with an eye towards creating a system that can be duplicated in multiple ways. Some refer to this as a franchise model. Even if there are no aspirations to franchise, the results of this design principle enables more predictable outcomes which keeps customers coming back and creates a community of advocates for your model. The tangible deliverable we recommend creating is an Operations Manual. We suggest starting with defining the leadership method, which is how decisions will get made. Next, define the process map, this is how all actions (work) are accomplished both in context of the processes that touch the customer and those processes that support creating value. The next step, understand the tools needed to deliver on the designed work, such as an accounting system, customer relationship system or knowledge capture. Finally, we define a method for reviewing results; this is how the system will be able to tell if it's making forward progress.

However beautiful the strategy, you should occasionally look at the results. - Winston Churchill (former British Prime Minister, WWII)

3) Instrument for success.
You wouldn't want to drive a car without a speedometer or a gas gauge. However, several businesses we talk with do just that. The common answer to "how do you measure success" is through finanical statements, such as profit and loss statements or a balance sheet. As important as these instruments are, they tend to be historical documents, i.e. they tell you what's happened not what could happen. We advocate a balanced scorecard approach where financials, customer experience, operational capability, and the performance of organizational assets (such as people and capital) get considered. The action plan is;

1. Convert / map the strategic plan to top level metrics,
2. Identify the mechanism that will be used to collect and display the measurements,
3. Implement the metrics, and
4. Review the results as per the operations plan.

4) Build Sustained Improvement.
Since the competition doesn't stand still and customers always want better, stronger, faster and cheaper, the business needs to have continuous improvement program. This starts by collecting issues that come from performance reviews, everyday execution, and innovative thinking. Then it's important to kick off 'deliberate' improvement events, this shows all participants that the organization is serious about improvement and is not leaving change up to chance and crisis management. As improvements are realized, it's important to glorify results. Making it front and center that you're the kind of organization that rewards innovation and doing things better. And to enable more of that behavior, train the organization in the tools that are used to find and implement improvements. The resulting organization is a community of contributing experts that care about and deliver continuous improvement.

Lean Six Sigma is an excellent framework to use to assure a focus on waste reduction (Lean) resulting in lower costs, higher predictability (Six Sigma) to achieve higher quality, and increased throughput (Theory of Constraints) to maximize profitability.

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When you're that successful, things have a momentum, and at a certain point you can't really tell whether you have created the momentum or it's creating you. - Annie Lennox, (Musician, Vocalist, b. 1954)

Maintain momentum. Starting something is difficult, stopping it is nearly impossible. Think of your childhood merry-go-round and you will immediately identify with momentum. Maintaining positive momentum is very important for the long-term success of an organization. Some key practices are;

1. Measure and show progress, people love to see what's happening so that they can contribute,
2. Amplify the good stuff, positive momentum is built on wins, but not to the detriment that no losses are shown, people aren't stupid,
3. Encourage and lead, many people will follow if you just lead and help them along the way
4. Create communities, generally folks want a way to help you be successful, communities can be a way to create energy and value for your customers as well as the contributors.
5. [More momentum generating techniques] [3]

Conclusion

To be a better stronger business, you have to have passion, focus, diligence and faith. But that’s not all; you need to build a repeatable and operationally excellent system. A system that will grow as you grow and provide predictable value to end customers.

More information is available in this [Presentation] [4] | [White Paper] [5].

- Quality Excellence [6]

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