

## The Name of the Game: Moving to Another League

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My business has made big progress. For the first time I have enough money to be comfortable. I still stay up some nights, worrying if I'm doing everything I should be doing to protect and run the business well. What can I do to make 2008 an even better year?

Every business has a turning point. Revenue passes breakeven, major bugs get fixed, customers and employees get with the program. Then what? It's time to switch from building a base to choosing and managing the right path. Think of it as moving up into another league of play.

The game changes from growth to profit. Get out of emergencies. Build a detailed game plan and make sure everyone is on board. Build reserves to protect and fuel the business. Focus on sales and marketing. Learn to delegate instead of being in the middle of everything. Ready to go to work? Let's take a look at what has to happen in more detail.

Fixing emergencies and pitching in is the trademark of every entrepreneur. It's required, if you're going to get the business off the ground. Now, however, you've got to step back. It takes practice and discipline to stay out of the thick of things. Work at it, and if you're struggling, get someone to help you learn how.

You have to get off the field, and stop being involved in every play. Let others move up to take over doing what you've always done. Let them learn from their mistakes. If you keep stepping in to fix things you'll build an organization of people who depend on you. If you can learn to step back, your employees will figure out how to solve their own problems, which will free you up to do other things like plan future profits and take vacations.

Lay out a picture of the organization – as it is now, and what it looks like at twice the size. Your job as CEO is to run the company today and oversee steady growth into the future. Having a clear picture of what the future looks like makes it much easier to pull off. Describe 2008 specifically. Use QuickBooks to help you plan out income, expenses and profits. Lay down the financial rules of how to play the game well this year. Show everyone where the business is going.

Ask employees to evaluate last year's results and list the things they want to try this year. Focus effort and money on expanding what worked well last year. Build in some trials. Ask people to propose opportunities and come up with starter budgets.

Prioritize sales and marketing, but don't take on too much growth. Use expanded sales results to pick and choose and

fund experiments. Weed out worst customers. Take on profitable ones. Experiment in marketing. It may be time to hire a sales or marketing person – put that into the plan. Focus on profit over income growth.

You also want to put funds into reserve weekly. Most businesses don't have enough money to do the development they want to do, when they need to do it. And even fewer businesses have enough money stashed away to protect themselves in case things go wrong.

Rule of thumb is to have 3 – 6 months of operating expenses set aside, and very few businesses have that. If you do, congratulations! If you don't, start a fund. Talk with your accountant about how to build a strong financial safety net. Tell your people what you're doing about reserve building, and why you're doing that rather than distributing all of the profits in year end bonuses. After all, having reserve funds means that even if things go off plan, you'll be able to pay your bills and make payroll. That should make your people much more comfortable and confident. Layoffs are no fun; neither is owing money to vendors. Build in protection.

Define the number of people you'll have on board when the business gets to 2 – 3 times the size. Remember that optimum span of command is 6 to 7



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people. That means everyone can't report to you. In fact, your direct reports should be more like 4 – 5, so that you have additional time on your hands to run the business.

People are going to have to report to someone else, which means you need to grow employees into working managers. Decide on the training each manager candidate will need. Discuss and agree to the plan with each person involved. Start to build a team of people who can run the company – so you can get a good night's sleep.

Looking for a good book? Try *Entrepreneurial Momentum: CEOs from the Worlds Fastest Growing Private Companies On Gaining Traction for Your New Business Venture, By Inside the Minds.*

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*If you are a business owner and you have a question or would like to discuss some aspect of your business, call [1.877.238.3535](tel:18772383535) or send an email to [AskAndi@StrategyLeaders.com](mailto:AskAndi@StrategyLeaders.com).*

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