Business Lifecycle Stages

“If at first the idea is not absurd, then there is no hope for it.” Albert Einstein

When you get that first glimmer of a business idea in your mind’s eye, you have entered the first stage of the business lifecycle. Your idea may have come from simply a flash of insight or years of market research.

No matter where or how your business idea came to you, it will ultimately proceed through five main stages of life. The stages are not necessarily entered and completed in order. They are more concentric than linear. Some stages may be repeated numerous times throughout the entire cycle. These five stages are proof of concept, startup, growth, expansion and business succession.

The ultimate success or failure of your business depends on how well it navigates, builds upon and integrates each stage during its lifetime.

Proof of Concept

You must continually sharpen your vision of the business. Do as much market research as you can to develop your idea so you can measure its viability and relevance in the marketplace. What is the need? How strong is it? What is the size of the market? How long can the business last in this space?

The proof of the business concept comes down to the level of market acceptance, feasibility; your skills, talents, abilities and the amount of funding you have to get it off the ground.

Make sure you have captured the essence of your concept in a written business plan so you get as much support as possible from your stakeholders.

Is your business idea sustainable? Are you willing to invest the amount of energy it requires to take it to the next level?

Startup

Assuming you have made a convincing argument for the potential of your business in the proof of concept stage, it is time to launch your business. Careful advance planning is critical here. This stage has the highest risk level for your business. Mistakes made here can impact your organization throughout its entire lifecycle.

Growth

Cash flow is paramount. Do you have enough cash for the business to grow? What is the best rate of growth? How long will it take to become and maintain profitability?

Your growth metrics should indicate that your cash flow will improve as recurring revenues exceed operational expenses and profits rise slowly, steadily and consistently.

The largest challenge at this stage is the business owner will experience a seemingly relentless demand on his or her time. Responsibilities involving sales, financial management, Human Resources, operations and dealing with increased reporting requirements can seem insurmountable.

Building teams, clearly communicated goals and fully documented systems and procedures are imperative in the growth stage. Without these tools in place the business can spin out of control without warning.

Expansion

You have built a staff that can operate on its own with a minimum amount of your supervision. Procedures and metrics have been established that allow you to keep a close eye on the development of your business. You can see routines developing that indicate your business is profitable and sustainable.

Expanding your business based on a solid business model and foundation is paramount. Careful planning at this stage is mandatory. How can you add value to the products and services you are currently offering your customers? Are there innovations you can bring to the marketplace now that have not been available before?

Risk management is essential. Profits must be based on a solid risk versus reward analysis. The temptation will be great to deviate from your core business strengths. It is always much better to increase your market share based on your main competencies than to try to blaze new trails in areas where you have very little experience.

Business Succession

What is the value of the business if it were sold right now? Can its value be increased? If so, what needs to be done to do this?

Can the business sustain further growth and expansion? Are the owner and management team willing to take additional risks? These are the questions that must be answered in the business succession stage.

How We Can Help You

Pacific Crest Group (PCG) provides professional services that keep your business focused on your critical objectives. We provide strategic Accounting and Human Resource (HR) services created specifically to help you meet your goals. Through exemplary customer service, clearly defined policies and procedures as well as a forward-looking perspective, we provide the outsourced solutions your business needs to grow. A PCG professional is happy to meet with you to discuss solutions for your unique requirements designed to maximize all of your business opportunities.