The Three Basic Steps to Building Your Business

One of our consulting services is business development. In fact, if you think about it, business development is the primary part of all of our consulting services, whether we are acting as an interim CFO, providing accounting services, or counseling on HR issues. All of our services are a form of business consulting to help our clients achieve their business objectives. And in our experience, you can distill business consulting into three basic steps:

1. **Understand your goals**. You need to understand what you want to achieve. You would think this is easy and you don't need to give it much consideration, but actually you need to really sit down and think about what your real business objectives are and what success looks like for your company. For example, I want to have a 15% profit margin. It's easy to say, but at the expense of what? Does that mean sacrificing quality? Does that mean taking on "any" client? Your goals need to be relative to something, and some goals may be greater than others in your business. You have to identify which comes first for your business, which is the "right" priority.

To understand your real objectives, you need to drill down into specific aspects of why your company exists. Is it about making money now, or making money later? Are there altruistic reasons driving your operation, like providing clean water for everyone, or do you have a more simplistic goal like I increasing your sales volume to be more profitable? Be clear about your goals, both long term and short term. Remember that the primary goal of many companies is to be profitable and self-sustaining. If you really wanted to be an entrepreneur, then you probably want the operation to be able to run on its own. That means the business value extends beyond the participation of the business owner or strategic managers. As a business consultant, we help business owners identify their business value and how to make that value sustainable.

So what's your goal? Do you want to grow from $1 million to $50 million in 10 years? Do you want to prepare your company for sale? Do you want to dominate your regional or vertical market? Determine what your real objectives are first, and the plan to achieve those objectives will follow.

2. **Set measurement standards**. You can't truly tell if you are on the right track unless you measure the progress towards your goals. It's not a "feeling thing," it is an empirically supported fact. If you have a goal, then you need to measure your progress toward your goal. Otherwise, how can you tell if your plan is working? If, for example, your goal is to grow from$1 million to $10 million in 10 years, you need to break that down into smaller, measurable milestones. Do you want to grow $500,000 in the next year and $2 million the year after that? What elements are missing that you need to achieve your goal? Do you need to think about expansion or relocation? How can you scale your profits? What do you need to reach your objective?

This is where key performance indicators (KPIs) are a great tool. You need to determine which parameters you need to measure that will show you where you are with regard to your roadmap. Are there financial or performance metrics you need to reach each month? Do you need to step up your marketing or fulfillment? Do you need to bring in a specific number of qualified sales leads each month? If you have a medical practice, do you need to bring in a specified number of patients per month? Do you need to reduce your operating expenses in proportion to profits? Whatever your key performance indicators are, define them and track them. And adjust your KPIs as conditions change and hopefully improve. You may want to reset your supporting goals periodically to track your progress toward success.

3. **Create an action plan and adjust as you need to**. Planning is critical and a bit tricky. You need to be clear about your roadmap, but don't get so lost in the details that you lose sight of the bigger objective. All too often we see people over plan and make no progress, as opposed to measure how their plan is working and make the necessary changes to the plan as conditions change. Pay attention to a periodic SWOT analysis (strengths, weaknesses, opportunities, threats) relative to your goals and objectives, and determine how best to fill in the gaps. Your goals will change as your company changes. What worked from $1 to$ 2 million might not work from $2 to $5 million. Each month look at your KPIs and make adjustments. Look at how well you did, and where you need to make changes to reach your next goal. The objective is to ask yourself two important questions; a) How did you do last week or last month? b) What will you differently in the next week or month to reach your goals? If you aren't asking these vital questions, then you won't succeed. Businesses that survive adjust and change, but there is a happy medium. Too much change and the company can't keep up; no change and the company will die.

Those are the basics of the steps to business success. Of course, the nuances behind each step can be intricate and complex, but the basic premise is simple: establish goals, create metrics to achieve your goals, execute according to your metrics. In future blog posts we will further discuss strategies for determining and achieving your long-term business objectives.