

# Why Your Business Needs a Growth Strategy

## *The Consultant's Corner*

*Brett Hersh, EA, MBA*

The purpose of the Consultant's Corner and Growth Strategies is to help business owners and leaders hurdle the many stumbling blocks that impede progress and, all too often, knock businesses and organizations completely out of the race. The most daunting obstacle blocking the path to success is what I call **the cold, hard truth**.

### **What is the cold, hard truth?**

This truth is a two-pronged pitchfork of probability:

- (1) If (and I cringe when I say it) your business follows the same path as the vast majority of other businesses, it is going to fail. Nearly 50% of new businesses close within three years, and 70% fold within ten.
- (2) Even if your business beats these odds and survives, follow the same path as the vast majority of other survivors, and you'll work a lot more hours and earn nearly 20% less than you would performing the same job for someone else. (For an eye opening, fact-based read on these statistics, pick up Scott Shane's book, *The Illusions of Entrepreneurship*.)

By simply acknowledging and accepting these odds, you have taken the first step to enjoying the benefits of going into business. And there are many reasons to go into business other than money. There is a sense of freedom, excitement, and adventure that is much more alluring than

punching a time clock. So, if you are a business owner – or business owner to be - who wants to “beat the odds” and enjoy your ownership adventure long-term, this Growth Strategies is for you. The core of Growth Strategies is the **Five Pillars of Business Growth**. Each of *The Five Pillars* shares the weight of a healthy, growing business. The lack or loss of even a single pillar means your business cannot grow or, if it does grow, the weight of such growth cannot be sustained – and may, in fact, cause an even more colossal failure.

### **What are the Five Pillars of Business Growth and why is growth so important?**

Let’s address the latter question first. Growth is essential for long-term survival. Any business, but most particularly a new or smaller business, that is not growing skirts failure. Small businesses that are not growing constantly operate “on-the-bubble.” In other words, they generate just enough revenue to pay the bills and just enough profit for the owner to justify keeping the doors open. Although it may have a few employees, the owner is the primary provider, or direct over-seer, of the business’s product or service. Generally, the business will have no formal operating procedures, no real cost/price/volume strategy, and, little or no cash reserves.

In short, a non-growing business is a house of cards, easily toppled by the slightest change. Perhaps the owner gets ill and cannot work for a few weeks, a piece of equipment breaks, supplier costs increase, taxes come due, a loan is called, or a key employee leaves. Maybe a competitor gets serious about growing his or her own business and woos away the customers. Any of these events can spell disaster for a business not actively pursuing smart-growth.

*The Five Pillars* form a framework for smart-growth – i.e. profitable, scalable growth. What are the ***Five Pillars of Business Growth?*** Here's a quick run-down:

**Pillar One: The Customer Experience** – Your customers do not buy a product or service. They buy the experience of obtaining that product or service from your business.

**Pillar Two: Make a Profit** - If your business does not generate a profit it will fail. It can't be simpler - learn to measure, create, sustain and keep your profits!

**Pillar Three: Own a Business, Not a Job** - If it cannot effectively function in your absence your business cannot grow beyond you. To grow, you must own a business and not a job.

**Pillar Four: Manage Systems, Lead People** - Your business is a game, a serious game, but a game none-the-less comprised of steps and rules you create. These steps and rules (systems) are created to make current customers happy and get new customers. Employees are trained to play your game - to operate your systems. This enables you to lead them as a team, not micro-manage their individual actions.

**Pillar Five: Make Time for the Business of Business:** To grow your business you must have time to think about where you want your business to go and plan the path to take it there. By successfully building the other four pillars you will generate time for the “business of business” and, with it, the power to take your business to the next level.

This column has introduced ***The Five Pillars of Business Growth***. Future columns will share stories of business owners as they construct (and reconstruct) their businesses atop this smart-growth foundation. It will provide real-world examples illustrating each of the *Five Pillars* at work. It is my hope that real-world scenarios shared by *The Consultant's Corner* will help you grow your own business or more effectively manage your organization.

*Brett Hersh is owner of and a strategic analyst with Growth Strategies, LLC. His firm is based in Martinsburg, WV. He can be reached at (304) 582-1011 or hbsbusiness@aol.com.*