

Small Business Success: The 7 Point Plan For Growing Your Business - Michael E. Gerber

The top 10 reasons why small businesses fail, according to Michael Gerber:

1. **Lack of management systems** – systems are the key to creating a business that works... without you having to be there. This in turn will allow you to work 'on' the business, increase the value of your business, ensure your customers get a consistent level of service and motivate your people.

On a scale of 1 to 10 (where 1 is very poor and 10 is excellent) how comprehensive are the systems in your business?

Please circle

1 2 3 4 5 6 7 8 9 10

2. **Lack of vision and purpose by principals** – *'where is the business heading?'*

On a scale of 1 to 10 (where 1 is very poor and 10 is excellent) how clear are your written goals?

Please circle

1 2 3 4 5 6 7 8 9 10

3. **Lack of financial planning and review** – it is essential to have access to regular management information and hold regular board meetings.

On a scale of 1 to 10 (where 1 is very poor and 10 is excellent) how accurate and regular is your management information?

Please circle

1 2 3 4 5 6 7 8 9 10

4. **Over-dependence on specific individuals in the business** – develop your business around *'functions'*, not *'people'*. If specific individuals are vital to your business, ensure that you have key man insurance in place.

On a scale of 1 to 10 (where 1 is very poor and 10 is excellent) how well will the business fare if key individuals (including yourself) leave or become unable to work?

Please circle

1 2 3 4 5 6 7 8 9 10

5. **Poor market segmentation and strategy** – Do you know who you want to market to (type of customer) and, how you want to portray your business in the marketplace (e.g. the cheapest or a premium product/service)?

On a scale of 1 to 10 (where 1 is very poor and 10 is excellent) how clearly defined is your ideal customer and the positioning of your business in the marketplace?

Please circle

1 2 3 4 5 6 7 8 9 10

6. **Lack of knowledge about the market and competition** – Do you undertake market research and competitor analysis? For example, chocolates used to be a popular gift, but they are now being replaced by wine, flowers and gift vouchers.

On a scale of 1 to 10 (where 1 is very poor and 10 is excellent) how good is your knowledge of your competitors and your marketplace?

Please circle

1 2 3 4 5 6 7 8 9 10

7. **Failure to establish or communicate company goals** – communication is one of the keys to motivating your people.

On a scale of 1 to 10 (where 1 is very poor and 10 is excellent) how comprehensive are your communication systems in your business?

Please circle

1 2 3 4 5 6 7 8 9 10

8. **Absence of a standardised quality program**

On a scale of 1 to 10 (where 1 is very poor and 10 is excellent) how comprehensive are your systems to ensure quality in your business?

Please circle

1 2 3 4 5 6 7 8 9 10

9. **Inadequate capitalisation or lack of funds** – Cash flow is all-important for a business. Many profitable businesses fail due to lack of cash.

On a scale of 1 to 10 (where 1 is very poor and 10 is excellent) how secure is your cash flow position?

Please circle

1 2 3 4 5 6 7 8 9 10

10. **Owners concentrating on the technical, rather than strategic, work at hand** – are you running a business, or are you self-employed?

On a scale of 1 to 10 (where 1 is very poor and 10 is excellent) how well are you using your time to work ON your business?

Please circle

1 2 3 4 5 6 7 8 9 10

There are 3 parts of business development:-

- **Innovation** – by recognising that it is not the *commodity* that demands innovation but the process by which it is sold, the franchisor aims his innovative energies at the way in which his business does business. You will only ever come up with the innovations when you work ON your business.
- **Quantification** – without it, how would you know that the innovation worked? Remember, what you can measure you can manage. You must measure everything that you do.
- **Orchestration** – the elimination of discretion, or choice, at the operating level of your business. You need a system...

According to Michael Gerber, there are 4 systems:-

- How we do it here – differentiation from everybody else
- How we recruit, hire and train people to do it here
- How we manage here – management system
- How we change it here – this is never-ending... things must continually change

Are all of these in your 'Systems Manual'?

The 7 Point Plan For Growing Your Business:-

1. **Visualisation of your own personal primary aim** – what do you want from your life?
2. **Your strategic objective** – how should your business look when its finished?

“Your 24 hour action plan for getting where you want to go... and creating the time to get there” – complete this goal setting tool before our next session together

3. **Organisation development** – creation of an organisation chart

Create a first draft organisation chart based around functions, not people – see over

4. **Management development** – management system (intention/attention)

We will look at systems in more detail during the Business Edge programme, including, what exactly do systems consist of?

5. **People development** – create a game people want to play

People are your biggest asset. During the Business Edge programme we will look at how you can get the best out of your people.

6. **Marketing development** – demographics (who buys), psychographics (why they buy)

During the Business Edge programme we will discuss in detail how to get and keep customers.

7. **Systems development**

- soft systems – scripting, words, letters that greet people
- hard systems – physical systems
- information systems – to know how well things are working

Disclaimer:

the business edge... helping you get from where you are to where you want to be

The information in this document is of a general nature and is not a substitute for professional advice. You are recommended to obtain specific professional advice before you take any action. © Copyright 2001 Added Value Solutions. All Rights Reserved.

the business edge... helping you get from where you are to where you want to be

