



# Overcome **7** Common Barriers To Business Growth

30<sup>th</sup> April 2008

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## Welcome

Thank you for making time to attend our seminar today. Our aim is to demonstrate tools and techniques that you can take back to your business and start applying.

We all know that businesses that look ahead and have a clear strategy significantly out-perform their competitors. We also understand that a lot of the things we need to do in a business in order to implement a clear strategy are much easier to say than they are to do. We aim to de-mystify some of these areas so that you are better able to take the next step in developing your business.

### Successful Business Owners:

- Have a clear strategy and vision
- Know when and how to exit their business
- Organise their business around systems, not people
- Know their market position or niche
- Have an efficient “sales machine”
- Plan their finances
- ‘Manage’ rather than ‘do’

### Today is about taking control of your business in two of these areas:

- ✓ Creating and implementing a clear strategy with buy-in throughout the business;
- ✓ Running an efficient “sales machine”.

## About SPS

“Practical help for business owners and managers throughout the UK”

SPS are a national team of proven senior management professionals, passionate about working to help businesses achieve their next level of development and performance. Whether they are facing market changes, financial problems, people/skills issues, or are preparing a major project, we offer dedicated support from a multi-disciplined team of experts.

An SPS board advisor can help to clarify your personal goals and help you to formulate the right business strategy and action plans for your company. All our advisors are focused on putting your needs first and delivering the promises they make to you.

Whatever you wish to achieve we can help. We have board advisors who specialise in new ventures, business growth, turnarounds, business sales and advisors who specialise in leadership development, marketing, finance and other disciplines.

## Obstacle #1 – No Strategy

*The nice thing about not planning is that failure comes as a complete and utter surprise and it is not preceded by long periods of worry, anguish and self-doubt!*

Many people think that Business Strategy is another form of management baloney. If this the case, why do so many UK businesses fail?

- In the UK nearly half of all small businesses fail in the first year;
- 80% are gone after five years;
- < 10% of all UK companies survive for more than 50 years;
- The average lifespan of all companies is 10 years.

### Why do businesses struggle?

#### Direction

- Shared goals and a shared vision enable people who work together to make consistent decisions and to plan a coherent strategy. Without this direction, the business will always work in “999” mode. Over time, this is guaranteed to lead to short-term, inconsistent decision making, which in turn means that sales are not made, or that promises made during the sales cycle are broken, leading to poor customer satisfaction and lost sales.



#### Delivery

- Without a coherent plan, the business has no basis on which to decide how resources will be deployed.

#### Funding

- Without a Strategic Plan, any Business Plan will most likely be flawed. In order to ensure that a business is properly funded, the business plan must be based on a realistic understanding of what will be delivered, to whom and with what resources and cost.

#### Management

- Having failed to plan, the management find themselves filling in all the gaps in the business. They become so busy dealing with “stuff” that their ability to manage and plan in the medium term is severely restricted, or even completely disabled.

**The Strategy**

## The Strategic Overview



(Source: Reference 7)

Once you have a clear understanding of your business goals, and have ensured that your management team buy-in to these goals, you can start to work on defining your mission and values. These can only be defined if you have a sound understanding of your business, your market, your customers and your competitors. With this understanding, you can be certain of the reasons that your customers buy from you rather than the competition. Your mission and values follow from this.

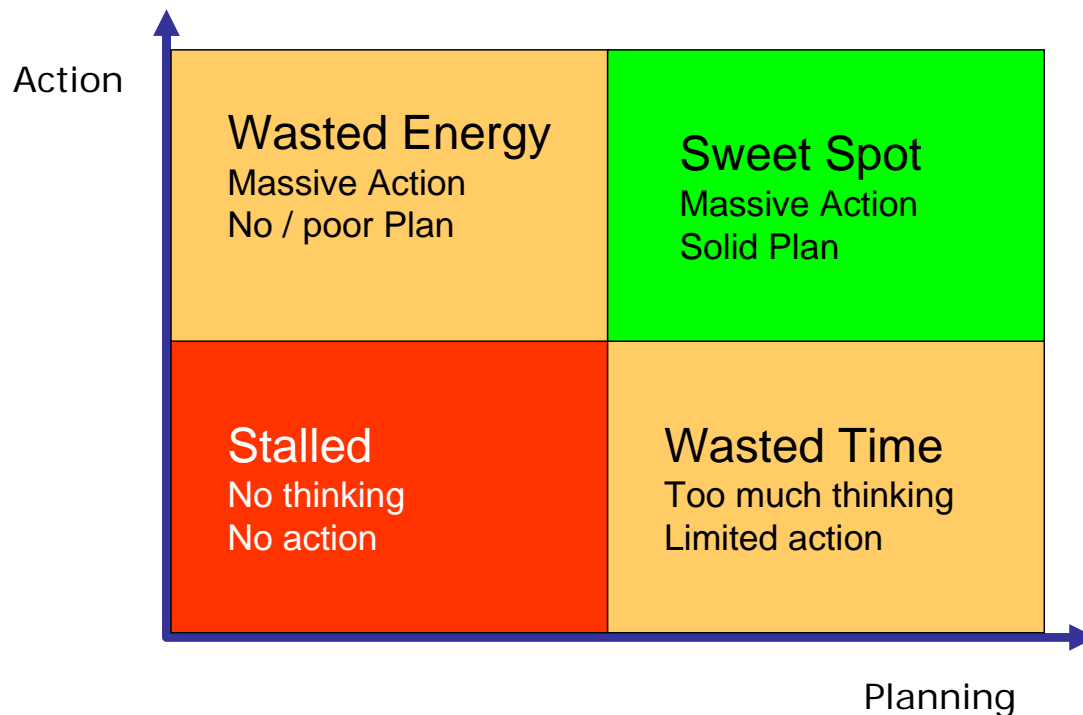
Your strategy is the summary of your business change programme – all the things about your business in, say, five years time that are different from today (customers, suppliers, skills, capacity, volume, .....). Only when you have a clear strategy, can you establish the action plans to make the changes you have agreed. In the same way that a military Commander-In-Chief decides how to deploy their forces based on the military strategy and the agreed objectives, you are the Commander-In-Chief of your business.



## Obstacle #2 – No Action Plan

*In a battle, poor strategy with great implementation beats great strategy with poor implementation (Those without a strategy do not even make it on to the correct battle-field)!*

# Act on a Plan



One of the obstacles to success in many businesses is the inability to prioritise and to take Action. Businesses tend to one of two extremes:

- Too much thinking and no action;
  - They spend so much time deliberating, analysing and planning that by the time they take any action, the opportunity has passed.
- No thinking and loads of action – on the wrong things.
  - They are so busy working on “stuff” that they never work out what is the “right stuff”.

### Make a Plan

Spend an appropriate amount of time planning. There is no hard and fast rule on how long is appropriate. It very much depends on the situation. If you are standing in the path of a 40 Tonne lorry, there is not a great deal of point spending more than a second deciding which way to run. If you have a developing business problem, then it may well pay you to spend some serious time

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gathering data, building a decision base and creating a solid plan. This is a balancing act – you have to spend enough time exploring options to ensure that your plan is the best one for the situation.

### **Prepare to Act**

Get your people and other resources lined up. Get buy-in from everybody who was not involved in the planning. Define objectives. Mobilise people and machines.

### **Act**



Get on with it.

Manage the team and your own delegation effectively so that you are getting the most out of everybody.

### **Review**

Review regularly to make sure that everything is still on track. As long as you avoid unnecessary delay, refine your plan as you go. Especially if it seems that there is an option to improve the outcome. The important factor that many businesses forget, is that whilst there may be good reason to modify the plan in some way, there is rarely a justification for discarding a well thought out strategic plan that the entire business has bought in to.

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## Obstacle #3 – No Buy-In

You have a plan. Your plan sets out your strategic objectives and your strategy. Then, some things go wrong. Your team have to sit back and decide which plan elements will have to be sacrificed in order that they can deal with today. How can you be sure that they know what to prioritise? Especially if you are not there. Without buy-in to the Strategic Plan, there can be no shared understanding of the Critical Success Factors (CSFs) – the things that must be delivered if the plan is to succeed.



If your team buy-in to your plan and really understand your Critical Success Factors, then you have a basis for a harmonious and trusting environment. People are much more likely to set priorities in alignment with your plan. Without this buy-in, people will always find a way, not usually maliciously, of setting priorities that conflict with your plan.

Critical success factors (CSFs) are those things which must go right for the organisation to achieve its mission.

The advantages of involving the whole business in the identification of CSFs are that all concerned get the chance to debate the means by which the strategy is delivered. You ask them to accept the direction, that is your prerogative as Owner or Director, but you give them the chance to contribute to the action plan.

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You are looking for CSFs that:

- Are easy to understand;
- Help focus attention on the really important issues;
- Are easy to communicate to employees, colleagues, banks and supporters;
- Are easy to monitor;
- Contribute to the strategic planning process.

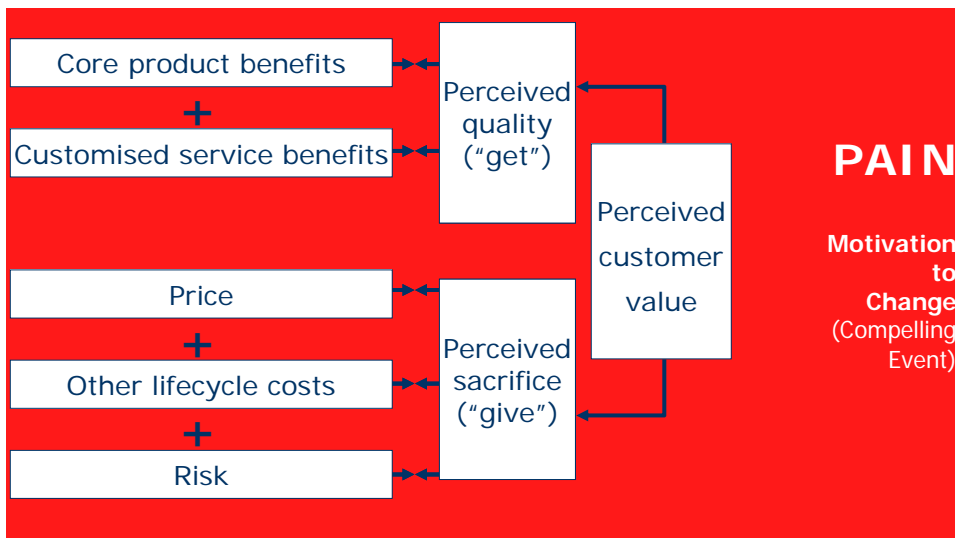
Using critical success factors in isolation does not represent critical strategic thinking. But when used as part of a planning process, identifying CSFs is extremely important because it keeps you focused. Clarifying the priority order of CSFs, measuring results, and rewarding your team (or yourself !) for superior performance will improve the odds for long-term success as well.



Things that are measured get done more often than things that are not measured. Each CSF should be measurable and associated with a target goal.

You do not need a plethora of exact measures to manage. However, there are some primary measures that should be on your list. These should include critical success levels (such as number of transactions per month) or, in cases where specific measurements are more difficult, general goals should be specified (such as moving up in an industry customer service survey).

## Obstacle #4 – No Sales Value Proposition



(Source: Reference 7)

If people are going to buy from you, the benefits need to outweigh the costs and risk to the prospective customer. If you do not understand this well enough to be able to explain it to your sales force, then you cannot expect them to be able to consistently explain it to their prospects.

If your prospects do not understand it, then they will most likely do one of the following:

- Buy from your competitors on price and end up dissatisfied;
- Not make a decision at all and continue with the unmet need that you spent all that time explaining to them;
- Take your free consultancy and use it to work-around the problem.

Once you have developed this understanding, you must then use it to refine your offer. This is not about creating a marketing message – this is about lining everything up. Making sure your company sells your value message. Then ensuring you deliver all the elements of that value – as an integral part of your business.

### What core benefits do you offer?

This is about the benefits you deliver to every customer – as standard.

Benefits differ from customer to customer and a key benefit to one customer may not be important to a second.

- Why do customers buy your product or service?
- What benefits does it provide, and which ones influence the purchasing decision?
- What benefits are least important to your customers?

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**What customised benefits do you offer?**

- Benefits you deliver alongside the core (like service alongside cars or PC's).
- How do you personalise things?

**What are the real costs to the customer?**

- What are the costs of the purchase to your customers?
- Including those "extras"?

**What other costs might your customer incur?**

- Running / support costs?
- Resources, people, building, storage costs?
- Financing and loans?

**What is the downside of the purchase – from your customers' perspective?**

- What are the risks to the customer?
- Commercial?
- Failure of product?
- What about disruption during the delivery / installation / commissioning / service phases?
- Third party involvement / Confidentiality / Internal politics?
- The list goes on ...



**Now understand the big picture**

Work out where the pain points are and where you can make a difference by changing your offer so that customers see the benefits of the purchase as greater than the perceived costs or risk.

- What one thing could you do that would radically change perception of value?
- What will make a difference to your customers?
- What will make you different in the competitive landscape?
- What can you operationally implement?
- Who do you need to align with to achieve your value goals?

## Obstacle #5 – No Sales Process

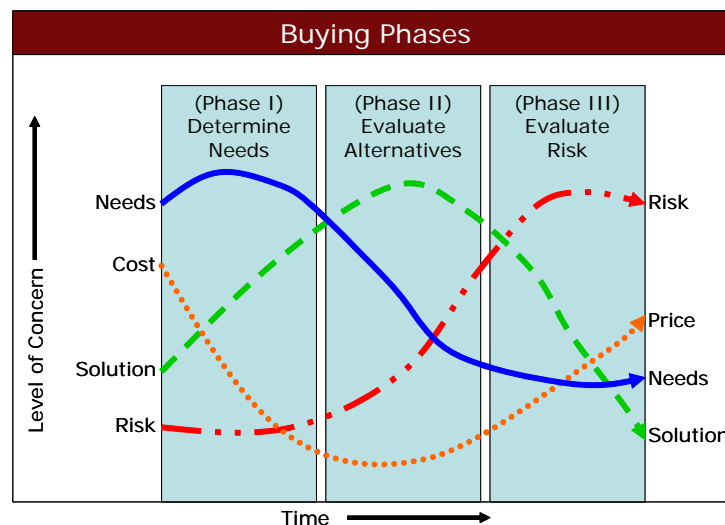
There are thousands of books purporting to provide the easy route to sales success. It is easy to sell:

- Find a suspect
- Qualify the suspect into a prospect
- Pitch your product or service
- Negotiate
- Close
- Deliver
- Collect payment

If it is so easy, why are none of us millionaires?

The problem we all face in our businesses is that we make one (or both) of two mistakes:

- We fail to understand our prospective customers' buying process;
- We do not have a sales process (& if we do, it does not mirror the buying process).



(Source: Reference 1)

### Why do people buy?

People and businesses buy for one of two reasons:

- **Want**
- **Need**

People always sell themselves a problem that justifies their **Want** so that they can turn it into a **Need**.

Without one or both of these factors, no money is going to be spent. Your sales process must sell the need, before it sells the answer to that need. Thus, your initial conversations with a "Suspect" should be around discovering what their need is.

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**Ideal process:**

- Lead Generation
  - Research
  - Promote your brand(s) to the right people
  - Generate leads
- Qualifying
  - Discovery – is there a pain you can heal?
    - Qualify their problem as being one you can solve.
  - Willingness to change away from status quo.
  - Budget / ability to pay
  - Find out who is involved in the decision making process:
    - Decision makers
    - Decision influencers
    - Consultants
    - Authorisers
    - Payers
  - 1<sup>st</sup> Meeting / a telephone call
    - Establish credibility – by listening
    - Present capability only if it helps to qualify
- Presentation
  - May-be 2<sup>nd</sup> or 3<sup>rd</sup> meeting
    - Depending on your product / service
    - What works for you
  - Sell the problem back to them and then, using your understanding of the problem, position your solution as the ideal.
  - Ensure you are working within the constraints of their buying process.
- Gain agreement
  - Test the fit and identify objections
  - Refine your proposal if necessary
  - Overcome the objections
  - Diary follow-up if your prospect is not ready to sign
- Negotiation
  - Not always price
  - Agree all the fine details – no surprises
  - Commitment to purchase
- Delivering
  - Finalise the contract
  - Implement
  - Regular updates
- Ongoing development
  - Get paid
  - Happy customer? – Ask and make sure.
  - Confirm that they are still happy and continue up-selling / cross-selling
    - Obtain referrals
    - Meet other contacts
  - Diary regular contact – as appropriate

## Obstacle #6 – No Measurement

**Test and Measure, or that old military adage:**

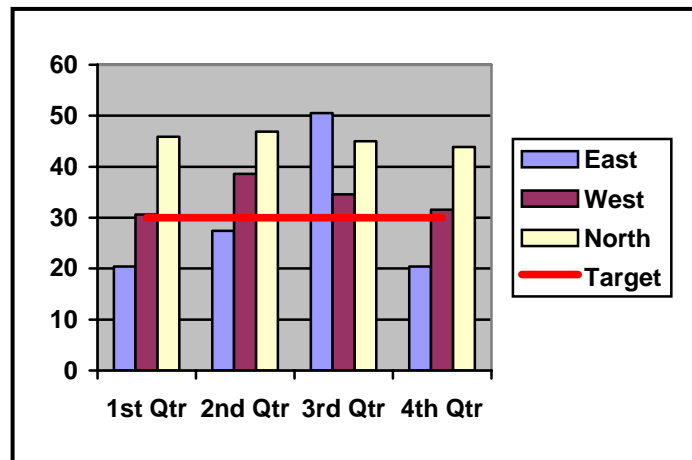
*You get what you measure.*

Running a business without measurement is like driving a car whilst wearing a blind-fold – you know there is going to be a collision but you do not know where or when. Choose the right measures and roll them out across the business and, whilst they do not go away, problems and challenges are identified much earlier – when correction might just be a gentle “nudge on the tiller”. Choose the wrong measures and you will be trying to manage your business in much the same way as you would drive a car using only the rear-view mirror. You need to identify those measures that give you advance notice of changes.



### What can you measure?

- Processes
- Business performance against plan
- Business performance against previous year
- Market share
- Share of customer wallet
- Spend by customer
- % correct
- % on time
- Repetitive activities
- Error Rates
- Success rates
- Enquiries
- Conversion Rates



The scope is limitless.

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### Best Practice

- Define your mission and goals.
- Use your goals to derive strategy.
- Get buy-in to your strategy, do this whilst creating the plans for the required initiatives.  
Think in terms of:
  - Protecting what you have
  - Growth
    - New customers
    - New products and services
    - New markets
    - Preparation for change
    - Change
- From your improvement initiatives you can derive your measures.
- Delegate measurement and reporting to the people owning the process being measured.
- Charts and graphs work better than a sea of numbers.

### Sales Measures

Many of the obstacles to successful sales growth in a business are rooted in lack of consistency in the activities that generate the sales. Ensure that your sales measures drive the required **Activities** to deliver your sales numbers.

- Consider measures around:
  - Number of conversations with unqualified prospects
  - Size of lead bank
  - Number of conversations with qualified leads
  - Numbers of quotes/visits
  - Size of pipeline

### Health Warnings

- Introduce new measures at a pace you are sure people can be comfortable with – not all at once
- Beware unintended consequences – for example:
  - Incentivise and reward on new business only – and your existing clients will be neglected.
  - Overburdening yourself or others with administration.
  - Dictating measures and issuing reports – and you will alienate your team
- Make sure that your measures are balanced – that is they act in all directions equally:
  - Marketing
  - Sales
  - Operations
  - Finance
  - People
  - Process

## Obstacle #7 – No Management

The ideal manager devotes their attention to three essential items:

- Planning
  - Developing and owning the operating plan for their business element;
- People Development
  - Establishing the resources needed to successfully execute the operating plan by hiring, coaching, and developing people;
- Proactive Review
  - Managing the leading indicators by monitoring, controlling, and reviewing.

Why are **you** so busy doing “**stuff**”? Why are **you** not in control of **your** numbers?

The reasons most business owners fall into the trap of spending all their time doing and insufficient time managing are:

- Failure to place a value on their own time;
- Unwilling to delegate;
- Failure to recruit in the long term best interests of the business (weak team).

To overcome these obstacles to management, it is imperative that you step back from the business for long enough to make the transition from:

*One of the team mucking in with everything.*

To:

*Director(s) and Owner(s) – in Control of the business.*

Management and review do not have to be stuffy, office based activities. Any place close to where the work is happening is a good place for review. The bonnet of a vehicle, a roadside café, the work-bench - anywhere that you can easily gather the right people and conduct a speedy review of progress. Your role is to establish all the obstacles to progress and then, over time, to eliminate those obstacles. Think in terms of:

- Resources
- Skills / training
- Logistics
- Motivation
- .....



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**Make time for effective review**

<p><b>Twice a Day</b></p> <ul style="list-style-type: none"> <li>• Fast moving projects</li> <li>• People trying something for the first time</li> </ul>	<p><b>Daily</b></p> <ul style="list-style-type: none"> <li>• Junior teams</li> <li>• Activities where daily progress is measurable</li> </ul>
<p><b>Weekly</b></p> <ul style="list-style-type: none"> <li>• Experienced teams</li> <li>• Activities where you expect slower progress</li> </ul>	<p><b>Monthly</b></p> <ul style="list-style-type: none"> <li>• Senior teams</li> <li>• Activities being run by people who you expect to self-manage</li> </ul>

- Question progress
  - Ask for facts
  - Use facts not perceptions to feed your comments
  - Encourage others to make these sessions fact based
- Praise the good stuff
- Deal positively with the bad stuff
  - Ensure that this is a learning experience
  - You must be confident that future problems will be raised early
- Check progress against last times “next step” list - this was their list
  - Find the good things to praise
  - What do they think could have gone better?
- Request “next steps” lists
  - Get the team to tell you what happens next
  - Make gentle suggestions for anything you feel is missing
  - Bite your lip
- Identify road-blocks
  - Find out what is slowing or hampering progress
  - Get them to be specific
  - Your role is to remove these
  - You take away the road blocks – and that takes away any excuses
- Ask why
  - Then ask why again
    - “You told me that the problem is x, why is that?”
    - “You told me that the reason the problem is x is to do with z, why do you think that is?”
- Take notes
  - Be consistent

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## Strategic Self-evaluation Sheet

Score yourself honestly on a scale of 0 to 5 on the following statements - where 0 is not at all the case and 5 is definitely and always the case.

- |   |             |
|---|-------------|
| 1. We have a Strategic Plan (not financial forecasts) for the next 5 years    | 0/1/2/3/4/5 |
| 2. All our staff fully understand our Strategic Plan                          | 0/1/2/3/4/5 |
| 3. All our staff know their role in our Strategic Plan                        | 0/1/2/3/4/5 |
| 4. I feel in control of our future  | 0/1/2/3/4/5 |
| 5. We regularly solicit information and opinions from our staff               | 0/1/2/3/4/5 |
| 6. We have written goals and objectives                                       | 0/1/2/3/4/5 |
| 7. We regularly review the products and services we offer                     | 0/1/2/3/4/5 |
| 8. We regularly request opinions from our customers                           | 0/1/2/3/4/5 |
| 9. We are innovative in our approach to business                              | 0/1/2/3/4/5 |
| 10. We have clear succession or exit plans in place                           | 0/1/2/3/4/5 |
| 11. We have information systems in place that allow us to make good decisions | 0/1/2/3/4/5 |
| 12. I love what I do  | 0/1/2/3/4/5 |

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**Total score**

**If you scored:**

- 12 – 24** You need Strategic Planning help urgently  
**25 – 44** Not too bad, but you need to strategically plan now  
**45 – 60** Brilliant! But you would still get a tremendous amount out of the process

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## Further Reading

1. Keith M. Eades, **The New Solution Selling**, McGraw Hill, ISBN 0-07-143539-5
2. Geoffrey A. Moore, **Crossing the Chasm** - Marketing and Selling Technology Products to Mainstream Customers, Capstone, ISBN 1-84112-063-4
3. John W. Mullins, **The New Business Road Test**, Financial Times / Prentice Hall ISBN-10: 0273708058 ISBN-13: 978-0273708056
4. Earl Naumann, **Creating Customer Value: The path to Sustainable Competitive Advantage**, Thomson Executive Press, ISBN 0-538-83847-7
5. Richard C. Whiteley, **The Customer Driven Company**, Perseus Books, ISBN 0-201-60813-8
6. Jonas Ridderstrale / Kjell Nordstrom, **Funky Business**, Prentice Hall, ISBN 0-273-65907-3
7. Malcolm McDonald / Martin Christopher / Simon Knox / Adrian Payne, **Creating a Company for Customers**, Prentice Hall, ISBN 0-273-64249-9
8. Steven R. Covey, **The 7 Habits of Highly Effective People**, Simon & Schuster, ISBN 0-684-85839-8
9. John O'Keefe, **Business Beyond the Box**, Nicholas Brealey Publishing, ISBN 1-85788-212-1
10. Steve McDermott, **How to be a complete and utter failure in life, work and everything**, Prentice Hall, ISBN 978-0-273-70607-6



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## Contact details

For a no-obligation meeting to discuss how SPS might be able to help you, contact:

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