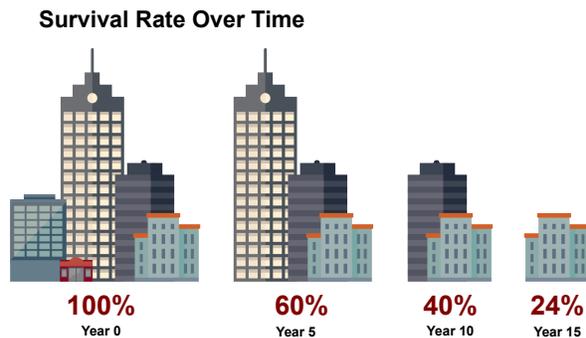


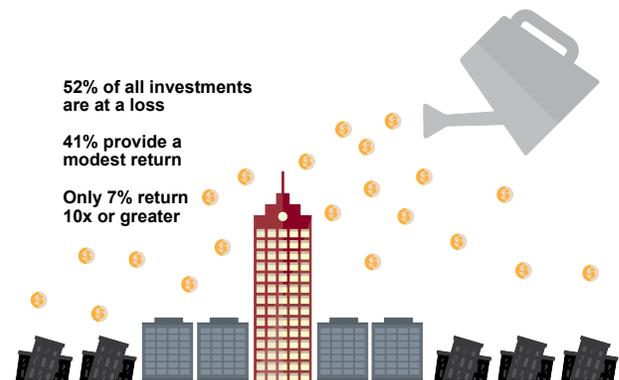
Align 7 Forces to Accelerate Your Business

Businesses large and small fail. It's appalling. Just read the financial news over a week and you'll see more than a dozen companies in serious



financial difficulty, attacked by activist investors for poor management or declaring bankruptcy. Small businesses fail at an astonishing rate. Only 60% of companies survive the first 5 years. That means 40% have failed in a short period of time. Less than 25% of small companies will survive 15 or more years.

For those entrepreneurs looking to start a new growth company, the situation is not good. Angel and Venture Capital investors that support them expect a large number to fail. Half the angel investments are a loss that happens in the first couple of years. 40% of the companies return their money or provide a modest return. 1 in 10 provides the 10x-30x return they seek to offset their losses and “make it big.”



While there are many reasons business fail, it comes down to one of two things: 1. Either the company did a poor job of planning; or 2. They did a poor job of executing the plan. Even in the largest companies, with scores of intelligent people, they make mistakes. They fail to consider what competitors will do; they don't understand their customer; they price things such that their distribution channel cannot make enough money; they don't understand what the government rules are that affect them or their customer.

There are 7 areas that need to be explored to put together a well informed plan.

Magnetic Force

Who is the customer? Everyone in the organization needs to understand the end-customer and the distribution channels that your product or service go through to get there.

There used to be discussion of the 4P's of product, price, promotion and placement. Today, the focus is on providing solutions to our customers that take us into adjacent product opportunities. Price has not changed. Promotion is now more about educating the customer than giving them a hard sell—though the loud sellers on late night TV commercials have not figured that out. And placement is now more about providing access to the product. You need to optimize and align the **magnetic force** of attraction between the customer and the product or service.



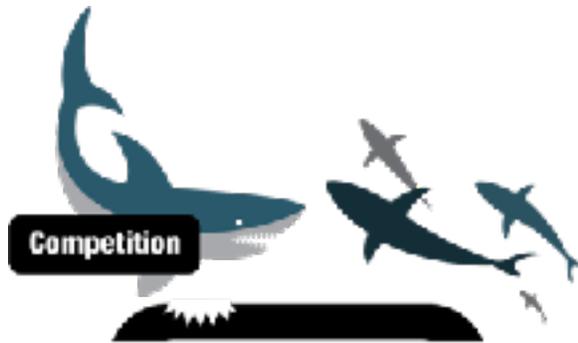
Force of Gravity

The situation is similar on the supply side. You contract for services, utilities, parts, accounting support, legal advice, cloud based services for information technology. Who are your suppliers? What changes are your suppliers implementing that will impact you? Do you even know what they are? Do you want a single source for a variety of services, or do you want to be your own general purchasing agent? What criteria will you use for selecting the suppliers that you use? These can be like the **force of gravity**, holding you down.



Atomic Forces

Competitors are like atoms in continuous motion. First they are here, then



there. It can seem chaotic. The smallest competitor today can find a new business model that disrupts the entire industry. They are also like a shiver of sharks, each taking a small bite of market share away from you. Your direct competitors are easy to identify. It's the indirect competitors that are often overlooked. It's the bowling alley that does not recognize

an exercise gym as competition. A competitor to car ownership is mass transit, taxis, Uber and car sharing services. You also have to consider the “do nothing” competitor when your benefit is not enough to get the customer to act and they do nothing. Competitors are like **atomic forces** that can look like chaos at the level of atoms.

Forces of Nature

How many times have you made a plan that you would say required perfect execution, like a baseball home run hit out of the park? How many times did that happen? There are so many things that can disrupt your business. Your plan needs to consider these possibilities.

Are you ready for the weather? Every business has to deal with disruption from snow and ice—if not directly, then because of their supply base. Schools close in bad weather and employees have to deal with their children. Do you have plans in place for when equipment breaks down? What about a driver or other employee that calls in sick or has some other emergency? Do you know what you will do if someone sues you? There are so many ways that our attention can be taken away from the primary goal of delivering a product or service to customers. These disruptions are like **forces of nature** — human or otherwise.



Centrifugal Force

What rules do you have to follow? There are so many, it's hard to stay out of trouble with someone. Federal government, state government, and municipalities all weigh in on this. The many tax rules will not only drive you crazy, but will drive you to take actions—such as large corporations keeping their cash in foreign countries and local companies choosing to locate in special economic development zones.



You might also subscribe to working within the rules of some trade association or non-profit that you support. You might be a member of the Better Business Bureau or the local Chamber of Commerce, both of which require certain behaviors. Rather than allowing your business to accelerate and grow, these can feel like a **centrifugal force** holding you back and making you spin in circles.

Force of Change

Technology is constantly creating opportunities to improve your business or otherwise making changes that affect you. Not only does technology impact you, but it impacts your suppliers. Your customers are looking for something new or of better quality that technology enables. You use it in your own factories to decrease your costs. Your sales and marketing team uses it to improve their efficiency, get your message out and better understand the needs of the customer. This **force of change** is one that you can use to your advantage, but it must be managed to achieve financial results.



Just think how technology has changed how you work in your office or in your car. Computer and communications technologies have dramatically affected our productivity. But, don't let change be forced on you—force the changes that make sense.

Force of Friction

The **force of friction** is both static and dynamic. You need a force to overcome the static (resistance) to change and to get started. Once you get going, the resistance, the dynamic friction is less; but, you still need to keep pushing to keep moving in the right direction.

People. Now that you have a good picture of what is happening all around your company on the outside, it's time to look at your internal activities. First and foremost, everyone talks about the culture of your organization. Your culture is captured in your vision and mission statements. Your values and long term goals are important to motivating your workforce. Your short term objectives will obviously affect what you do. What are your plans for developing people, motivating them and rewarding them?

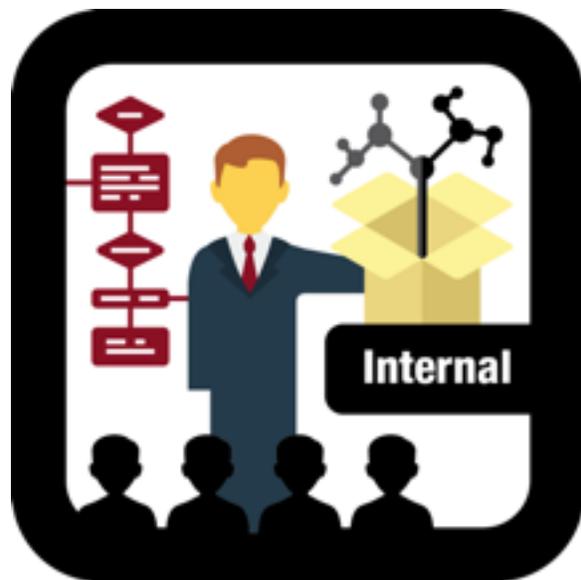
Product. How are your products positioned today against the competition? What is your roadmap for new product development? Do you have the right features for the future? Are your costs in line?

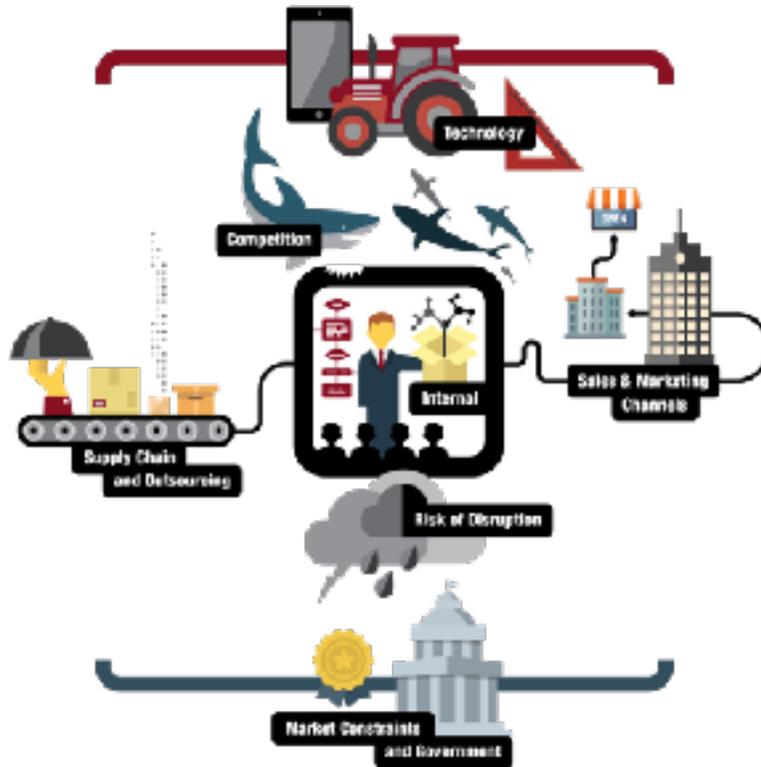
Process. Your processes need to continually improve to drive cost out and improve quality by all its measures. Get lean in everything you do.

With that you can determine what your operating budget is going to be. Closely related to that is your plans for investing in capital expansions and the cost of capital for process improvements.

What do you have going on internally that you need to deal with?

Are you worried about passing on the company to the next generation or creating an Employee Stock Ownership Plan? Do you need to reduce costs? Are you dealing with the need to train new technicians? What Key Performance Indicators (KPI's) will you use to monitor your progress?





Everyone has a plan, even if it is in the head of the founder or CEO. Employees learn what is important based on what management says and does. The company has a web site that proclaims the plan.

Here are 7 benefits for somehow documenting your plan.

1. Understand your current and developing, disruptive competition;
2. Prioritize what needs to be done and where to invest time, resources and money;
3. Capitalize on trends outside your company;
4. Assess the shifting sands that create risk;
5. Align the thoughts, goals and actions of everyone;
6. Execute flawlessly and know you are making progress;
7. Obtain funding from investors, shareholders, banks.