

Leaping over the chasm

Written by Dr. Warren Harmer

Businesses don't grow in smooth, predictable, stepwise ways. They grow in spurts, surges, peaks and troughs. They grow with ups-and-downs, anxiety, excitement, satisfaction and frustration - often all at the same time.

In the day-to-day world of your business you make lots of decisions. Most of them small. They keep the business operating and steer it in the direction that you want to go. But every now and then along the road in your businesses life, there are some big decisions. Pivotal decisions. Risky decisions. Scary decisions. Decisions that can change the status quo and the future of your business. Sometimes they are forced upon you, other times you will take them because you want to grow and develop your business. They are inevitable.

Some of the big scary decisions that you might need to make are things like:

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Taking on a new premises, where you have to pay higher rent, moving expenses, you risk confusing your customers or losing business

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Paying for talent. To maintain growth of your business you will need to work with better and better people, including employees and advisors. This contributes to growth in the long term, but that takes time, so there is a net investment up front.

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Embarking on a new marketing campaign, creating a new website, re-branding or investing in trade shows. All cost money upfront, with no guarantee of success.

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Developing a franchise

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Investing in equipment, infrastructure, IT systems, etc.

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Closing a business, branch or division

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Firing someone

If you have a vision for your business, you can usually see it in the distance. It looks good - just what you want your business to be. But in between you and that vision are the big scary decisions that need to be made. It can be a long way to the bottom if you get it wrong and fall to the bottom of the chasm. You have 2 choices: to play it safe and retreat, or to Leap over the chasm.

One of my previous clients had ambitions of franchising his business. He had created a very appealing brand that needed almost no marketing and brought in business just from the sign-writing on his car. At that time he was very hands-on, working 70 hours a week, doing everything himself and making good profit. We went through an initial project of systemising the business and creating a plan for franchise development. We also interviewed to find the first technician. Once he realised the cost and commitments to leap over the chasm, he got scared and went back to doing everything himself again.

Building a (rope) bridge

Taking the leap doesn't have to mean a leap of faith. There will always be an element of risk, but doing your homework will mean you are more aware of what you're getting into. Let's imagine you had to jump over a real chasm... what would you do? You wouldn't just jump off, hoping for the best, but you would try to build a bridge (even a flimsy one) to minimise the risk of falling and killing yourself!

It's the same in business. When you make that leap, you want the risk to be as small as

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possible. Research and planning is imperative for all businesses, but it's worth creating a dedicated project for these big decisions. Take the time to truly understand the risks so you can create contingency plans.

What to do

1. Prepare

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Create a separate project that looks at the decision objectively and comprehensively

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Do a full financial analysis, so you know how much it will cost, what sales you need to achieve and what the effects of failure might be

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Know what could go wrong and how to minimise the chances of those things happening.

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Get professional opinions where necessary

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Talk to people who have already done what you want to do

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Create a brief that includes your research, SWOT and data, but not your opinion

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2. Discuss

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Get a team together of people who know your business and whose opinion you trust

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Brief your team

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Organise a meeting.

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Tell your team that they need to arrive at the meeting with a definite point of view

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during the meeting, make each team member argue for and against

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make a decision

3. Plan

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once you have made a decision, you need to create an action plan for who is doing what, by when

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identify the risks and how you will minimise them

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get to work

A health care company that I worked with leapt over the chasm by hiring a General Manager. The business was at a crossroads, with about 30 team members but needing a manager to keep the business on track. The existing team just didn't have the big picture or financial management skills to take the business to the next level. With a six-figure income, the stakes were high. To keep the risk low, an extensive interview process was utilised, as well as staged introduction from part-time to full-time over a period of 3 months. The risk paid off, with the business growing 60% last year.

Leaping of the chasm can be scary. It requires nerve and vision. But it is also very rewarding if you do it right and you hit your goals.

Don't be scared, be prepared!

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I am a cultivator of great small businesses. I have a Ph.D in science but fell into the world of small business by accident and discovered my passion. My experience owning and consulting to small businesses now spans over 17 years. I like to solve problems using a scientific approach; looking objectively at businesses to see what is happening and applying first principles. In small business, outcomes reign over theory.

Practical, hands-on advice for small business owners is sorely lacking, since most 'experts' have never owned one. Most business information is targeted to big business and their employees.

My objective is to offer instructive, 'how to' information to make business ownership easier, less stressful and more enjoyable.

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