



Why can't I grow my business?

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Why are the vast majority of small businesses less than 1 million in sales? As you hit 5 million, 10 million in sales the numbers fall off drastically. Why does one small business become great while others have a glass ceiling of sales they just keep reflecting off? You would not believe the number of small business owners that are frustrated at not being able to grow their company past a glass ceiling of sales. What are the possible components of a small business that might lend itself to solving this mystery?

I was teaching a group of sales reps a few years back and we were discussing lost orders. I drew a pyramid and told them that the reason they lost any order was listed on the pyramid. I believe I can use the same pyramid with different building blocks to uncover why any business reaches the level they do in business.

The bottom layer or foundation is Leadership.

Owners and CEOs come with all different levels of leadership skills. The "Good Company" is started and run as a "job". They started the business because they love what they do; cabinet maker, sales rep, financial person and they got tired of their manager and/or the managers systems and processes. They just want to practice their skill in peace. The solution is to start their own business and practice their skills unencumbered.

With no manager or paperwork, they just do what they love. They bring no leadership skills to the game but they never intended to. They are like bad parents; they will range from tyrants to so permissive that the employees "run amuck" as the saying goes. The good company owners are experts in the paradigms that keep them at the sales level they are at and those paradigms are not negotiable. Their ceiling is set because they would never need help, they are good!

The "Great Company" is started and run by someone that knows they have a skill and a product or service valued by enough people that they can earn a living. The difference is no matter what their leadership skill levels they are students of leadership. They own a business not a job and they are always willing to learn. I asked a caterer why he picked a caterer business; did he have a background in it? No, he said, I own a business that happens to be catering. Their environment and people are their products. The caterer's product was the best environment for the best caterers to perform and grow. They seek out leadership knowledge, experience and skill sets. If they just don't have the leadership skills they will hire for them. The glass ceiling of sales is greatly determined by the leadership level of the CEO and their willingness to learn. They are students of leadership.

The second layer is capital or cash.

The "Good Companies" usually start out on a shoe string. Some finance on credit cards and some not even on that. You've heard the story of Joes' business which started out in his garage with \$5,000.00. They scrimp and wonder how they are going to make the next months bills. Not just when they start but they keep that mentality going. Now, some business coaches will say to always run your business as if you are one month away from going out of business. The question is how



they do that. The good companies will starve their business and live like kings and queens. In talking to their employees about business they are always almost broke. Those same employees will see them in an expensive sports car, home and/or vacation. If you call the good owner on this paradigm they will come unglued. They want to be both broke and brag about their lifestyle. Some of them don't understand the paradigm and its affect on morale. Their employees would just waste the money, or worse, steal it. The company is not an asset deserving of investment, it is an expense to support their lifestyle. Some will say they invested in their business. New buildings, furniture, decorations are some of these investments. You will notice this "investment" as little to do with the operation and growth of the company and more to do with status and comfort of the owner.

The "Great Companies" secure lines of credit and/or small business loans. They understand that if the company is financially secure, then so are they and their employees. They understand that markets change so fast that they have to be ready to react to the market changes and that takes money. Great companies understand that growth takes capital and yields little profit. Accounts receivables and payables, new equipment, the right talent all take capital. Investing this capital in the right people, systems and processes will greatly diminish any glass sales ceiling. It's amazing how companies with an investment attitude are always the great ones and their returns are usually significant.

Talent is the third layer.

"Good Companies" look for the cheapest labor they can get. It's amazing how they will look for entrepreneurs like themselves because they are both risk takers and willing to work cheap hoping for a big payoff. The relationship usually doesn't last long because the owner doesn't want to pay for the risk and the employee entrepreneur feels they can do it better and make more money if they could just get rid of the owner. Good Company owners also need to be the best employee. They will not hire anyone that might be better than they are at anything in the company. They will use emotion to re-enforce that paradigm. You might hear yelling, questionable language for the environment, or other tactics to make sure that the pack (not team) knows who the "Alpha male" is. Good companies do not invest in their people, they see them as expenses, necessary evils to be watched constantly or they will rob you blind. So the words to describe this culture are "aggressive", "authoritarian", "high drama" and "emotion". You will hear lines like "your review qualifies you for the salary continuation program."

"Great Companies" look for the talent with the right skills. Great company leaders believe they should always hire people smarter than they are. Their philosophy is if they hire the right people they can tackle anything. These team members actually cost more and have a much higher return on investment. These leaders understand the different personalities needed for different roles and the necessity to lead them so they produce well together. Great companies not only hire the right people but they also see them as an asset to be invested in. They will set up training and coaching programs for their people. Great Companies usually have the best benefit and compensation packages to attract the best talent. A "professional culture" is developed to attract and retain the best. Words to describe



this culture are “professional”, “respectful”, “team”, “positive”, “excellence”, “fun” and “successful”. Talent is drawn to great companies because the word travels fast in the talent pool. You will hear lines like “We will work together through the coaching program to make sure you meet your goals this year”.

Systems and processes are the fourth level of our pyramid.

“Good Companies” work from the seat of their pants. Paper and binders are better than computers and software. 5 year old computers and software are just fine. Usually tribal knowledge takes on a whole new level with good companies. Employees are hired and they will make up their own system but share it with no one. They see that as job security. Outside resources are sometimes necessary for the development of systems and processes and the owner will find the cheapest and usually least skilled resource available. Remember that outside resource is diminishing their paycheck. Systems and processes that worked with two employees are never updated when there are 15 employees because that is a waste of money. These owners believe in the chewing gum and bailing wire method of systems and processes. Remember they do not invest in their expense because that would come right out of their paycheck.

Great Companies will search out and invest in the right systems and processes. The right investment in talent usually makes this easily accomplished. The right systems and processes usually means a competitive edge because remember most businesses are not great companies. Great companies always are willing to question the validity and appropriateness of any system and process. They will have a time table to do that evaluation and they will invest a portion of the profits in a budget just for that. The right systems and processes for the current market needs will drastically raise that glass sales ceiling.

At the top of this pyramid is a level of product or service that is produced by the pyramid. Obviously the quality of each layer of the pyramid or company will determine the quality of the product or service.

So, not only could my sales pyramid tell why any sale was lost but it appears that the business pyramid also will tell the quality of your product or service. You might be reading this as an employee of a large company and saying to yourself “this fits my company”! And you’d be right. Large great companies can become good companies just by a change in the pyramid and in today’s fast moving markets that happens often. Whether you are an owner trying to raise your glass ceiling, an employee looking for the right company to help you grow in your career or an investor, the pyramid may help.