



## Five Steps To Building A Successful Business

By: Vicki Suiter

With consumer spending on the decline and production costs on the rise, the average business owner has to wonder how they will stay competitive in a market of declining spending and rising costs. According to Vicki Suiter, of Suiter Financial Systems, there are five critical things you should do as a business owner to stack the odds in your favor of not only surviving, but thriving:

**Step #1 – Have a plan.** Know where you want to go with your business in the next year, and then the next three years. What will it look like – who is your customer and what are you selling?

A good plan should include the following key elements:

- A specific outcome with:
  - Measurable results
  - A time frame within which it will be accomplished
  - Communicate your plan to all staff.

**Step #2 – Identify the 3 most important things your company should be focusing on in order to accomplish the plan.** These are things that would give you the most leverage for increasing revenue or decreasing costs. For maximum effect, this should be a collaborative effort with key staff.

- Make a list of what is working, not working currently and what needs to be different in your business. These are usually things that compromise revenues or drive costs up.
- Of what is not working or needs to be different, rank them in order of most to least important.
- Now look at that list and determine the following:
  - Which of these items, if addressed, would have the greatest impact on supporting the company in reaching its goals?
  - Which of these will allow us to reach our goals most effectively and efficiently – i.e. have the greatest impact in reducing costs or increasing revenue?
  - Which of these is best for the company in the long run?
  - Which should happen in what order?
  - Who should be responsible for those projects?
    - Each key area of focus should include the following
      - Person responsible
      - Measurable results
      - Scope of work
      - Time frame for completion, with milestones if appropriate
      - Cost associated with execution

**Step #3 – Have an operating budget.** The plan has to have numbers associated with it in order to be successful.

**A good budget includes**

- Sales Goals - figure out where your sales will come from - i.e. how much product or services you will sell and when.



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- Gross profit & margin targets – amount and percentage of income after cost of goods sold.
- Net pre tax profit & margin targets – what is left over after overhead and before taxes
- Planning in overhead costs for growth and expansion – include costs that you identified in #2 that will support you in reaching your goals for the year – i.e. what investments do you need to make into the business to reach your goals for personnel.
- For labor, calculate what the cost will be by position based on how many hours they will work, and include all costs for that labor including taxes and insurance.
- Need for additional equipment to help generate that revenue most efficiently (these are expenditures for items such as computers, machinery, and other large equipment).
- Determine what other costs will be associated with running the day to day operations – this is overhead.

**Step #4 – Work the plan. Know what you and your staff have to do in order have the plan be a success.** This is defined by having job descriptions for each person in your company and includes measurable results and projects you've defined in the plan

### **Good job descriptions include the following:**

- Overall responsibility of the job – not person driven, but position driven
- Major responsibilities defined by no more than five key areas (again, position driven, not person driven)
- Objectives and results – no more than three to five key measurable results for each of the major responsibilities defined above. They have to be measurable and most relevant to that success of the position.
- Specific projects or key initiatives for that individual employee

**Step #5 – Have Feedback Systems.** Successful companies manage by results – they know their numbers and interact with staff regularly on performance.

Some good feedback systems include:

- Actual results compared with the budget and shows variance
- Key numbers are tracked on one page, and should include feedback on the three key things you identified key areas of focus for the year. It should also include:
  - Budget vs. actual – in summary
  - Sales backlog showing amount in signed work outstanding. Should show target and variance.
  - If bidding work, an estimating summary that shows what is the close rate on jobs bid – i.e. jobs won or lost including percentages. Should show target and variance.
- Staff reviews of performance done at least once a year, and ideally every six months. If a staff person is not doing their job, don't wait – address it now. Strait feedback is the best way to have a staff person be successful, and support having a team that is aligned.



**Summary:**

1. Have a plan so you are clear where you are going.
2. Know what the three most important areas of focus are for your company in the coming year that will support you reaching your goals.
3. Have an operating budget to compare actual results against
4. Get team aligned with the plan by making sure job descriptions reflect what they need to do in order for the company to be successful in executing the plan.
5. Stay in relationship with your results – for the company overall and with your staff. Knowing where you are in relation to where you want to be keeps you on track, and improves your odds for getting where you want to go.

*Vicki Suiter-McNickle is president of Suiter Financial Systems [www.suiterfinancial.com](http://www.suiterfinancial.com). For over fifteen years has been helping companies realize an appreciable increase in their profitability and cash flows. Her consulting, presentations and training programs reveal practical and useful tools to implement simple systems. Contact her at [vicki@suiterfinancial.com](mailto:vicki@suiterfinancial.com).*

*Vicki teaches a workshop series titled “**Business Boot Camp**” that is all about putting these steps into place in your business. Call to find out more: 415 -884-0288 or register on-line at: <http://www.suiterfinancial.com/workshops/busBootCampRegister.html>*

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