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The Three Phases of Growth

Build your business for consistent growth and profit

By Bill Silverman

In this four-part "Business Breakthrough Series," Bill Silverman of Springboard Business Coaching will share important but overlooked reasons why your business stops growing and what you need to do to break through and establish your business at the next level so you can enjoy more consistent growth and profit, with less stress and more free time.

If you're like many business owners today, there may seem to be a huge gap between the business you have and the one you want. What you want is a smooth-running, consistently growing business that gives you the money, time and freedom to do what you want when you want to do it. Does that sound about right?

But that's probably not how it is today, is it? If you're like a lot of owners, your business may not be growing the way you want it to, if it's growing at all. And you're probably more than a little stressed out from the pressure to create a consistent flow of work and turn a profit so you can pay yourself what you're worth and keep your team working. You're working harder and longer than you want, so you don't get as much time for yourself and your family. If that describes you, you're not alone.

Why does your business growth slow or stop? I'll give you a hint: it's not the economy.

The fact is that slow growth periods are a natural part of development in any area. It doesn't matter whether we're talking about golf, tennis, karate, school or growing up, we all develop in spurts followed by plateaus, and the same is true in your business.

In my research and experience with clients, I have found that there are three general phases of growth in the painting business, each followed by a plateau.

The first phase is startup to around

\$250,000. In Phase 1, the goal is to establish the business and make it financially viable. You need to find your target market, get customers, price and deliver your services, and prove that the business can make a profit. A typical business in this phase has between one and five employees and the plateau typically happens around \$50,000 to \$150,000.

Phase 2 typically ranges from \$250,000 to \$1 million. The goals of owners in this phase are to expand the business and to make business growth, service delivery and profitability consistent and predictable: a well-oiled machine. A typical business in this phase has you and between two and six crews and maybe some office folks. The plateau typically happens around \$350,000 to \$750,000.

The goals of owners in Phase 3 are to establish the business as a market leader, grow significant income streams and create a business that virtually runs itself. A typical business in this phase has between 25 and 50 employees including you and key people reporting to you running significant parts of your business. The plateau typically happens around \$1.5 million, with the goal of breaking \$2.5 million.

What are two important reasons why businesses plateau?

The first is that we often don't lay a good foundation for growth at the level we are at, and without a good foundation it is difficult to take our business to the next level. Let me give you an analogy outside of the business world to illustrate this idea. Remember reading, writing and arithmetic in grammar school? In each subject, what you learned at one level provided the foundation for success at the next. In math, for example, if you didn't learn how to add, subtract, multiply and divide, then higher levels of math like algebra were really hard

to master, not to mention the extra time, stress and frustration you faced every night to get your homework done ... and the poor grades!

The same thing happens in your business. Except instead of reading, writing and arithmetic, the subjects you need to master are sales and marketing, team management, service delivery, financial management, and business leadership. If you don't lay a good sales and marketing foundation in Phase 1 to consistently deliver leads and sell business to your target customers, then growing your business to the next level will be almost impossible. Similarly, if you don't put procedures in place so your crew can work without constant problems, fires and the need for you to baby-sit them, then it will be difficult to add that second or third crew you need to get to Phase 2.

The second key reason why businesses hit a plateau is that each new level has its own success requirements, and often we don't anticipate and prepare for the new challenges ahead.

Using our school analogy again, let's look at the transition from high school to college. In college many students are living on their own for the first time. For this reason, success in college requires a whole new set of skills that weren't needed in high school, such as self-management, time management and personal responsibility. For this reason, most colleges today have some kind of freshman orientation program and ongoing support services to help students transition successfully to the college experience.

The same transition issues exist in your business. Each phase requires new skills from you and new capabilities for your business, and failing to prepare for the challenges ahead can stop your growth cold!

Let's look at your business leadership skills. How you manage your company

needs to change significantly as you grow. In fact, your success as an owner depends on your reinventing your business leadership approach three times as you grow. In Phase 1, you have one to two crews and your role is to do it all – do the work, sell work, manage your team, do the accounting, etc. Your success depends on your stamina and ability to multitask.

In Phase 2 you will have two to six crews. To be successful at Phase 2 you need to switch from doer to manager and develop crew leaders and crews that can run without you. You simply can't do the work, manage several crews in different locations, and do the sales and marketing to grow the business. There just isn't enough of you to go around! Not making the switch from doer to manager is one of the major reasons why businesses plateau at this level.

In Phase 3 you need to shift how you run the business again. Success in Phase 3 depends on putting key leaders in place (possibly someone running sales and marketing, someone running operations) and letting them run a key part of your business. In Phase 3 the business is simply too big for you to manage it all yourself.

You can see from this example, how with a little preplanning you can look forward and begin to prepare for success at the next level. You simply can't manage your business the same with \$1 million and six crews and 400 customers as you can a \$125,000 business with one crew and 50 customers. Yet one of the common mistakes that I see owners of growing companies make is to try to run their companies like they did when it was much smaller.

So if your business growth has slowed or stopped, problems are cropping up in your business more frequently, and you find yourself working longer hours, with more stress and frustration, what do you do?

Our natural tendency is to hunker down and try to power through – come in early, go home late, do whatever it takes to turn things around. What I'd like to suggest instead is that you pause and examine whether you might be hitting one of the natural plateaus that most businesses face. Then take stock of the foundation you've laid in your current phase of business. Closely look at your sales and marketing system, team management, service delivery,

financial management, and business leadership to ensure that they are all supporting your current growth phase. Talk to business owners who are at the next phase, and examine how prepared you and your business are for the rigors of the next level. If you do that, like so many of my clients have done, I can almost guarantee that your stay on the plateau will be brief and you will

propel your business upward on a more continuous profitable growth path. **APC**

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