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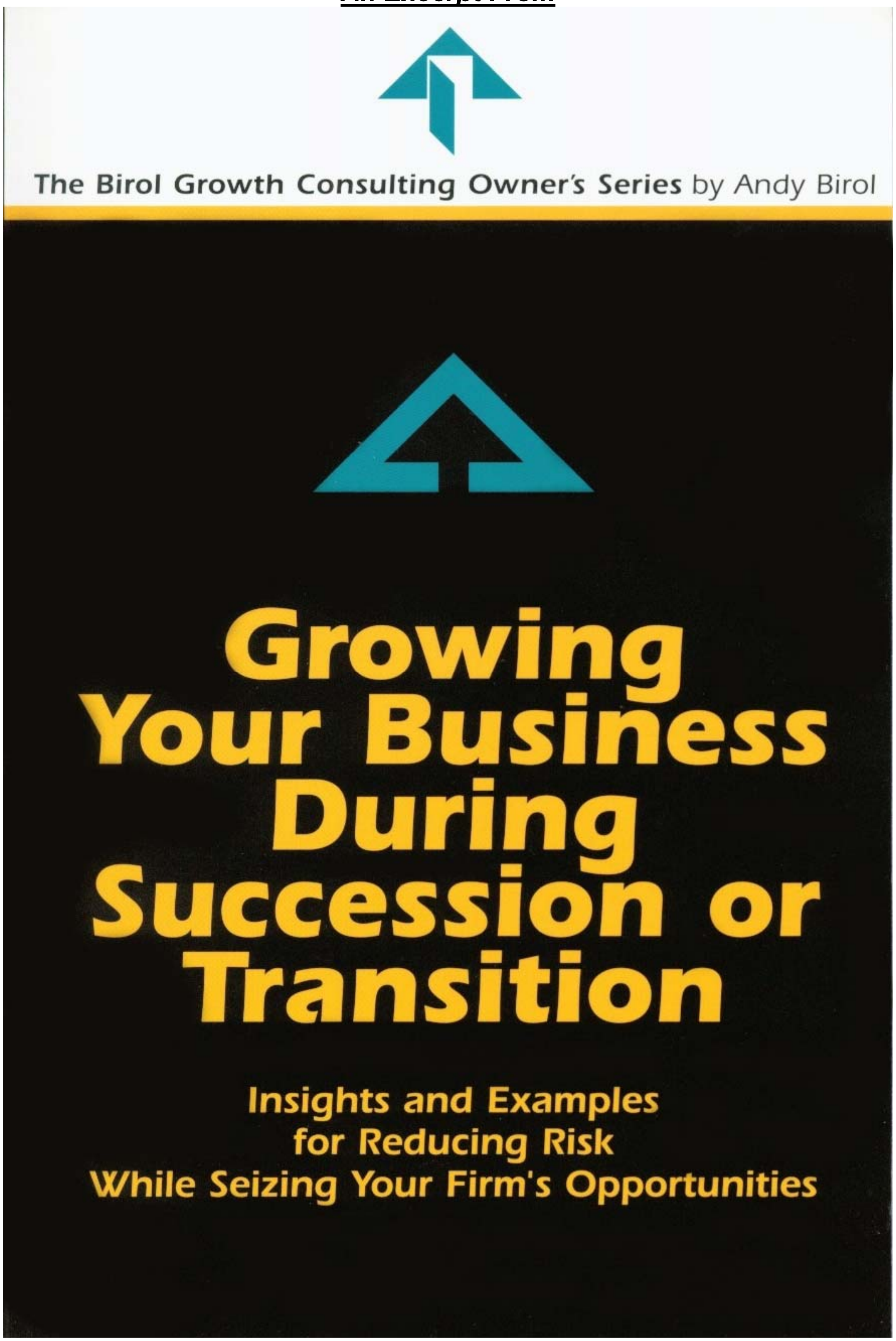

Growing Your Business During Succession or Transition

Insights and Examples for Reducing Risk While Seizing Your Firm's Opportunities

Andy Birol

The Birol Growth Consulting Owner's Series

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Books by Andy Birol

Focus. Accomplish. Grow. The Business Owner's Guide to Growth

Accelerating Your Growth. Insights and Examples for Exploiting Your Business' Opportunities

Growing Your Business During Succession or Transition. Insights and Examples for Reducing Risk While Seizing Your Firm's Opportunities

Returning Your Business to Growth. Insights and Examples for Turning Your Firm's Problems Into Profits

To my parents Masti and Jackie whose legacy sustains me through every transition

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Growing Your Business During Succession or Transition

Your time is precious. So why spend it reading this book?

- Reason #1*:* Because your time is precious. *With your business entering a period of great change, you need to focus on results. Whether you have a firm deadline or a fuzzy anticipation for the transition, you need to begin preparations now.*
- Reason #2*:* Because you want the real story. *How have other companies managed the succession period effectively? What issues confront the outgoing owner and upcoming leader? This is no time for fiction or theory. You want to know how real businesses achieve smooth transitions and keep growing.*
- Reason #3*:* You are looking for a method to the "madness." *You know, perhaps instinctively, that this is a crucial time for your company. Whether you are stepping down from or in to the role of leader, you need to cut through the chaos and prioritize business growth.*

Andy Birol is a growth consultant, author, and speaker who has focused more than 250 businesses on achieving sustained, efficient, and profitable growth. Moreover, he is a business owner; as president of Birol Growth Consulting, he developed a system, called the PACER Process, to help owners define their firms' value, create opportunities, and leverage their strengths.[1] *His experience and clientele come from every industry sector and class, from Fortune 500 firms to small businesses and entrepreneurs.*

The essays in this book have been compiled to allow owners like you to tap into Andy's experience, observations, and analysis. Each section, or chapter, begins with a brief

[1] More information about Andy Birol and Birol Growth Consulting is available in the biographical notes at the end of this book.

general introduction and ends with a case study featuring business owners who have accelerated the growth of their companies.[2] *Book-ended by these editor-written pieces are Andy's essays, which have appeared previously in the BGC newsletter or various national and regional publications. Though some articles have been edited, they retain Andy's unique approach to business growth, including his trademarked term Best and Highest Use® and the bluntness and humor his clients expect.*

How you use this book is up to you. Some readers may choose to read from beginning to end while others prefer the "turn-to" approach enabled by the thematic grouping of essays. Whichever style works for you, we recommend starting with the next piece, "What Fuels Your Growth?" which outlines the PACER Process for finding, keeping, and growing customers. This essay provides the foundation of Andy's method, and is the starting line of your race to accelerate the growth of your business.

This book has been designed for business owners by a business owner who has helped scores of companies achieve smooth leadership transitions and grow the next level. Andy draws upon this experience to offer practical tips, advice, examples, empathy, and motivation to owners in your situation. Isn't that worth a bit of your time?

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[2] This introduction and the concluding chapter are organized a bit differently, but each contains an essay by Andy and a case study composed by another writer.

1

What Fuels Your Growth?

Business owners are different.

In the spirit of F. Scott Fitzgerald, I'd like to finish that sentence with the phrase "and rich" but regrettably, it wouldn't be strictly true. Whether you run a company atop its marketplace or a sole-proprietorship still in survival mode, as an owner you are different from most people. For one thing, you possess a degree of control over your economic destiny that employees of major corporations certainly do not, and you shoulder more responsibilities, risks, and rewards. If you are the founder of your firm, and perhaps even if you are not, you are fueled by an entrepreneurial spirit of independence and innovation. And if you have been successful, you probably also understand the fundamental principle of my business, Birol Growth Consulting: that a company's success, far from being dependent on the latest CRM tool or marketing strategy, is driven by the conviction, commitment, and core values—in other words, the *passion*—of its owner.

So, what happens when that passionate leader leaves the company? In most cases, your ultimate goal as an owner should be to develop a company that is prosperous enough to go on without you … but how? Who will fill your role, not merely as chief decision-maker but also in terms of spirit, drive, and conviction? What must you do to identify, train, and hand the company over to the "right" person? And what must the new leader know and do to instill confidence in others and keep the company growing?

Having worked with more than 250 owners, I regularly assist businesses during times of transition and can state with confidence that the succession period is one of the riskiest, yet potentially most rewarding, times in the life a company. We have all heard stories similar to these:

- A small but profitable marketing firm merges with a bigger competitor but loses one-third of its business in the three months following the retirement of its founder. The new owner finds out, too late, that the value of the business was heavily dependent on the reputation, expertise, and personality of its founder.
- A third-generation owner inherits a manufacturing business when her father suddenly falls ill. Once prosperous, the firm has been hard hit by foreign competition and has had to lay off a dozen employees and cut back on developing new products. The new owner enters her office each morning with a pit in her stomach, terrified that the family company will die on her watch.
- After 25 prosperous years a founder wants to sell her company but guilt and concern for her customers and employees keep her plodding to the office every day. Her unhappiness leaks throughout the firm, which loses momentum and sales, thus decreasing its value. Finally, the exhausted owner sells out to a buyer she had formerly rejected, and he proceeds to raid her company to make a quick buck.

Stories like these may make you want to hide your head in the sand, but rest assured that succession doesn't have to follow such negative patterns. Whatever the details, however, a transition of leadership is like a top-down earthquake for most businesses. Even when the succession is a done deal—for example, when an adult child replaces his or her parent as president—everyone involved knows they are on uncertain ground. If the outgoing leader has been successful and well-loved, the transition can be quite traumatic; if the company lacks a reputation that is distinct from that leader, its very survival may be threatened. On the other hand, if the firm is sold to or merges with another company, the unknown quantity of the incoming leader is sure to rattle customers, vendors, and employees alike.

As owners, however, both the outgoing and upcoming leaders must stay above the fray. I know firsthand how extraordinary owners are, whether they head up marquee brand companies or sole proprietorships, factories, or service organizations. Whatever the industry and the challenges/opportunities it presents, a company is made or broken largely on the efforts of its leader—or, in the case of business succession, its leader*s*.

Stay Focused

Legacy and succession are complex issues, but they have a simple "solution." To achieve a smooth, growth-oriented transition, both leaders must stay focused on what is best for the company before, during, and after the change of leadership. Doesn't this sound like something every owner should already know?

Sure, you know it, but knowing doesn't equal doing. Successions are fertile ground for difficult emotions, unstated and unmet expectations, annoying intrusions and misunderstandings, diffidence (stated or silent) on the part of employees and customers, and an awful tendency, in some cases, to disintegrate into a kind of turf war. Amidst this chaos, who's growing the company?

This inattention to growth is a form of ambivalence, which is the engine-killer that can cause a business to slow, skid, or even stop. Ambivalence can take many forms, from a lack of confidence on the part of a future leader to an outgoing owner's dangerous reliance on the status quo. A passion to grow is what separates owners and entrepreneurs from people who would rather hunker down in their corner office. Your passion tells you that the status quo isn't enough; that if your company isn't growing, it's falling behind—or, if isn't growing fast enough, it might as well be standing still. To achieve ever higher levels of success, you don't need ever more complicated business plans—you need to honor this passion in everything you do. Your desire to accelerate growth—to improve your products and services, to grow profits, to secure loyal customers—is the spark that drives your business. And you can't afford to let it flicker during a period of succession.

A Method to the Madness

As the Chinese say, chaos is another word for opportunity—a hard thing to remember when you're reaching for the Rolaids. And leadership transitions are among the most potentially chaotic experiences owners endure. Think of all the questions an owner must answer, all the decisions he or she must make, all the opportunities and possibilities to be considered before a strategy or vision is chosen. Now multiply by 2. Let's say, for instance, that the sales and marketing team have been spending too much money to get too few customers. What's the solution? Do they need new database marketing software … or new distribution strategies? Should your salespeople make more cold calls … or target better prospects? What about a customer retention program, and if you get one, what should it include? What channels should you use? Do you have the right software?

While two minds can be better than one, during a succession period the current owner and the future leader must find a way to mesh their opinions. Chances are high that they won't agree on every small point, but they must share a vision for the company and speak with a unified voice. But how do two powerful, passionate people achieve this kind of consensus? They start by focusing on the company, not their own egos. And they agree on this basic point:

All your company's marketing, sales, and customer service efforts come down to three basic goals:

- **Finding customers.**
- **Keeping customers.**
- **Growing customers.**

Is it really that simple? Sure—it's as simple as running a marathon. You put one foot in front of the other … for 26 miles!

Here is the simplest method through the madness: if something doesn't help you find, keep, or grow more customers, you don't need it. There is no secret code and no short cut. To grow your business during a succession period, you need to sign up customers, sell them more, and keep them coming back. Too often I see owners who have forgotten these fundamentals. They are like runners thinking so hard about strategy (or fighting over the relay baton) that they don't realize they have slowed to a crawl.

Why You Do What You Do Well: Best and Highest Use®

Applying a method to your own particular brand of madness begins with understanding a key concept: *Best and Highest Use.* ®

Simply put, Best and Highest Use (BHU) is what makes your company special. It is the proof of your passion, the application of your conviction, and the guiding principle behind all of your important business decisions. How can any single concept accomplish so much? Consider this:

- *Your Best* represents your preferred choice amongst all the things you do well.
- *Highest* represents that which is most valued by customers, suppliers, employers, or partners.
- *Use* is the value you provide to others.

And you can define your Best and Highest Use by Understanding:

- What you and your business do well.
- What you and your business like doing.
- What you and your business have been valued for doing.

The stars within any marketplace—the Michael Dell (Dell Computer) or Bill Gates (Microsoft)—are great examples of leaders and companies succeeding on the strength of their BHU. These owners clearly understand their own core competencies and uniqueness. As a result, they have built companies with distinct identities that reach a recognizable marketplace.

Best and Highest Use is where your mission and vision statement hit reality. Ask yourself: Can you or your company *do* what you want to do? Does anyone out there want it? If you are passionate about providing a product or service that is physically impossible (or fiscally imprudent) or that no one wants to purchase, you are running on fumes. In contrast, when the marketplace says, "That is exactly what you should be doing to give me what I need," you have found your BHU.

The Crucial Intersection

With a clear understanding of Best and Highest Use, companies can grow stronger and smarter. Without BHU, on the other hand, you get mergers like the recent AOL-Time Warner mess, proof that growth for growth's sake isn't growth at all!

So, how can you articulate and apply your BHU in ways that will guide your company to ever higher levels of success? Begin by answering these questions:

- What makes your company special within its marketplace?
- What is the real pain or opportunity that you resolve for customers?
- Who are your very best customers?[3]

Once you have answered the three previous questions with confidence, you can identify the *crucial intersection* that should drive all your sales and marketing efforts. This is the point at which your firm's *best offer* is of *most value* to a *narrow slice* of the market because it resolves their greatest pain or opportunity. The more special you are to a specific group, the more successful you will be in competing against larger and richer companies. The more precisely you can define this intersection, the better you can pinpoint prospects. This should be the rallying point for all your company's marketing, sales, and customer service activities.

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[3]Have you asked your customers why they like you, why they buy from you, and whether they'd refer you? Even the most sophisticated companies still define their best customers by such elementary criteria as SIC code, sales volume, and number of employees, but targeted marketing requires a deeper understanding of customers and their needs.

Using Sales Funnels to Guide Your Efforts

In business, application is everything. While Best and Highest Use helps you to identify your target market, you need to design strategies to reach specific prospects and customers and keep your pipeline filled. The PACER Process, my system for simplifying and improving sales, will help you get this down on paper and begin applying it to your prospects and customers.

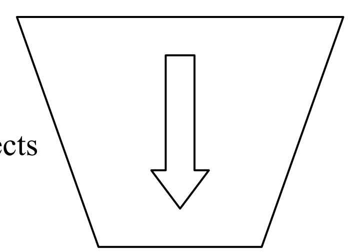
Defining your target prospect—the type of prospective customer most likely to respond to your offer and most likely to boost your profitability—is the first step. Using a series of scoring tools that strictly adhere to your target prospect profile, you can create three sales funnels that will organize and implement your plan for finding, keeping, and growing customers. All marketing, sales, and customer service activities must be designed, justified, and measured by their value to each funnel.

Finding Customers: The Customer Acquisition Funnel

The acquisition funnel systematizes the activities needed to turn suspects into prospects, prospects into qualified prospects, and qualified prospects into customers. Your goal of finding customers becomes the end and your marketing the means to the end.

Funnel Stage

Suspects
Prospects
Qualified Prospects
Developed
Closed



To bring in new business, you need more than slick marketing and crossed fingers. The *customer acquisition funnel* systematizes what your company must do to turn suspects into prospects, prospects into qualified prospects, and qualified prospects into customers.

Can you quickly identify the real pain that you resolve for customers? What are they really buying from you? What are you really selling? What type of customer places the *most value* on what you have to offer? It is vital to answer these questions correctly so that you don't waste time and money trying to be all things to all prospects, or trying to sign up customers whose needs don't match what you provide. By asking your best customers why they buy from you (you may be surprised!) you will deepen your understanding of what your target market needs.

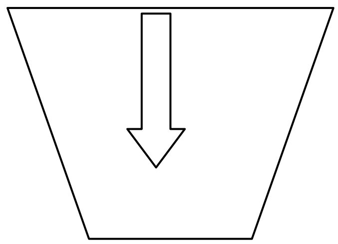
Here's a quick example. Being a small business owner on Main Street, U.S.A., has become ever more complicated in the age of Big Box retailers. As we have seen time and again, small businesses that try to compete on price—the BHU of superstores—quickly run out of money. Even if they manage to keep their customers, they don't have the reserves or the purchasing power to sustain bargain-basement prices, and as soon as they try to charge more, customers who were staying because of low prices will defect to the giant retailer down the road. Rather than delaying the inevitable, these small businesses have an opportunity to create an identity independent of price. For example, a family-owned appliance center with 60 years of experience markets itself as the *Don't-Do-It-Yourself* solution for consumers who think a Phillips screwdriver is something they can't mention in front of their mothers. Instead of panicking over price, this retailer know that not every customer has the time, inclination, or skill to install their own dishwasher—and these customers are typically happy to pay for customization, speedy delivery, and extended service. Mom-and-Pop continue flourishing on the strength of this BHU—a pleasant, efficient, and hassle-free experience the Big Box stores can't supply.

Keeping Customers: The Customer Retention Funnel

The retention sales funnel fulfills your goal of keeping customers, by progressively moving one-time buyers or ex-customers to the desired status of customers who make multiple or sustained purchases. These are the customers with the highest long-term value.

Funnel Stage

1X Buyer/Win back
Reordering Buyer
Customer



Would you prefer a customer who places a single large order or one that orders a smaller but steady amount over a period of months or years? Your best customers are the ones that keep coming back, right? Unfortunately, too many firms don't do enough to build relationships with their buyers.

The *retention sales funnel* fulfills your goal of keeping customers by outlining the steps it takes to progressively move one-time buyers or ex-customers to the desired status of customers who make multiple or sustained purchases. Again, this involves understanding why customers initially buy from you and why they come back (or don't come back). Later in this book you will read the full case study of Nick Jammal, president of Ashtabula Rubber, who has kept his factory profitable by providing customized services his customers simply can't get from Far East producers. In a commodity market, he can't sign up a lot of new business solely on price, but he can nurture relationships with existing customers that will sustain his company for a long time.

Growing Customers: The Customer Development Funnel

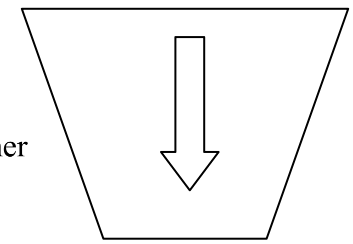
The development funnel is used to grow customers. Here the goal is to move stable customers through activities which convert them into up-sold/cross-sold customers and then to the status of advocate or champion.

Funnel Stage

Customer

Cross-Sold Customer

Advocate



You keep customers by delivering products and services that meet their needs and doing it in a way that satisfies them. To grow customers, you turn them into champions of your business who spread the word about how great your firm is. The *development funnel* is used to move stable customers through defined, predictable activities that convert them into up-sold/cross-sold customers and then to the status of advocate or champion. The reward is a larger number of customers with the highest value to your company. The "graduates" of this three-funnel process are to be coveted and honored with no costs spared.

As you can see, the Pacer Process funnel system simplifies all your marketing, sales, and customer service decisions. You don't need fancy fixes to accelerate your business growth, you need something revolutionary: a return to the basics of *offer*, *need*, and *target market*. By defining your best prospects and understanding how they use your BHU, you can drive the creation, execution, and measurement of all sales and marketing activities through the acquisition, retention, and development funnels.

Yes, Virginia—a method to the madness!

2

Case Study: Sales Concepts, Inc., Grows Its Sales Training Business

Challenge: Where does a company specializing in sales training go for help to grow its own business? This was the question facing Al and Keith Strauss, the father-son owners of Sales Concepts, Inc., a sales and sales management-training firm located in Westlake, Ohio. A successful franchisee of the Sandler Selling System, Sales Concepts was heading into a new phase of its fifteen-year history and needed to establish an identity distinct from its founder. Furthermore, the company wasn't experiencing dynamic growth. Like the cobbler whose kids have no shoes, Sales Concepts simply wasn't being as good to itself as it was to its customers.

Situation: After studying under David Sandler in 1986, Al Strauss was awarded a master franchise of the Sandler Selling System (a dynamic approach that empowers salespeople) one year later. Strauss founded Sales Concepts, Inc., and began offering customized training solutions. He ran the business full-time until 1993 when his son, Keith, came on board. At the time, the company was very much a transactional business, in need of new customers "almost on a daily basis," as Keith Strauss noted.

By 2002, the company had grown to seven employees and seemed to be thriving. Al Strauss had built a sterling reputation in his region, as Sales Concepts became the oldest Sandler franchise still operating west of Connecticut. Yet, the company felt more like an entrepreneurial venture than an established and organized business. "The company wasn't broken by any means," said Vice-President Keith Strauss, "but we weren't seeing the kind of significant growth we wanted." Moreover, the company's identity was so embedded in Al Strauss's reputation that it didn't really have a brand all its own. "The question was," said Keith Strauss, "how do you turn two personalities into a growing business that can flourish with those people's involvement without keying *only* on those people?" Although his company's specialty is to help other businesses grow, Keith Strauss felt he and his father were "too close" to understand what was really going on with Sales Concepts. On the recommendation of a client, the Strauss's called Andy Birol.

Solution: Andy went right to the heart of the Strauss's business: their customers.

By interviewing a broad cross-section of past and present clients, Andy nailed down the company's Best and Highest Use—helping sales people excel—and designed more effective strategies to find, keep, and grow customers. Over a ten-month period, Andy identified and helped Keith and Al Strauss implement changes in five crucial areas:

1. *Selling*. One of the first things Andy learned from Sales Concepts' customers was that they wanted more individualized attention from the experts. Rather than delegating customer contact to a sales staff, Al Strauss re-dedicated himself to selling his prospects and training his customers. With Andy's help, the company changed its selling model to target business owners. Keith Strauss, honoring his personal Best and Highest Use, assumed control of the daily operations of the company. Sales Concepts also instituted a system to hold its salespeople accountable for both results and activities, ensuring a relationship between the two.
2. *Profiling.* Andy observed that the people who did best in the Sales Concepts program possessed certain innate core abilities and attitudes such as confidence, achievement, and self-motivation. Based on this observation, he developed a profile of the company's best customer to serve as a guide for more focused marketing campaigns.
3. *Marketing.* Andy oversaw a complete re-engineering of Sales Concepts' marketing materials. He brought in Crawford Design to manage the development of a new identity system. Sales Concepts gained a fresh new look and feel for its messages, copy, and images, and launched a new e-mail newsletter.
4. *Teaching.* One consistent request Andy heard was that clients wanted more feedback and "one-on-one" time with trainers, as well as more opportunities to

practice what they were learning. Andy helped Keith and Al Strauss revamp their training courses and workshops to include live practice sessions and "real-world" examples.

5. *Gaining Referrals.* Andy realized that Sales Concepts wasn't capitalizing on its biggest strength: the success of its graduates. To help the company turn customers into champions, he developed a customer advisory council, which invites graduates of the training programs to participate in a system of feedback, networking, and referrals through quarterly meetings. Clients who attend the meetings have become a regular source of new business for Sales Concepts.

Results: Keith Strauss has seen major changes in his business. Trainees have enthusiastically greeted the new curriculum, which combines lecture with exercises and examples to encourage feedback. "It happened almost immediately," Strauss noted, adding that "new clients are learning at a much faster rate than we've ever seen before." The result is a more satisfied customer. "There are people who come into our training, and within the first month they are giving us referrals," said Strauss. "That didn't happen before." The customer advisory council is also a big hit. In December 2002, it was featured in a favorable article in *Fortune Small Business*, and it has created a bond between the company and its former clients. "Our core product is how we train people," said Strauss, "but before the council came about, we hardly ever heard back from them. Now that we're reaching out, we get consistent feedback and a lot of new business." The firm's new identity system and succinct logo—"Sell more"—clearly convey the Best and Highest Use. The total result? A 20-25% increase in inquiries and a boost of about 20% in new business in the first year. And, because Strauss was able to streamline his staff, the company is operating more cost-effectively.

Most important is the new conviction Keith Strauss feels. "Too many companies try to do too many things and end up not doing anything very well," he said. "Andy's got an uncanny knack for taking a look at a business and figuring out what makes sense and what doesn't ... We had been looking at adding products and services, trying to grow the business, but now we know our Best and Highest Use. We're *really* good at helping sales people sell more," he said, "and that's where our focus is."

PART 1

What is Your Legacy?

Planning for the Future of Your Business

Love them. Then leave 'em?

Don Juan and Casanova may have been able to do this, but for business owners who have long been wedded to their firms, it isn't easy. Part of you may be looking forward to the day when you can hand over the reins and amble contentedly into the sunset … but part of you can't bear to imagine it. Too many questions remain up in the air. Can the company grow without you, the rainmaker, or will business run dry? Should you consider selling, and if so, would you sell to a competitor, a larger company, your employees, or someone else? Does a merger make more sense? If you don't sell or merge, then who will run the company? Have you identified a successor and begun the grooming process, or are you conflicted about making a decision? Should you promote from within, or conduct a search? Does this person share your vision for the company, and if not, what is your opinion of his or her plans? Will the new leader make changes just to differentiate himself from you, or are new directions warranted by conditions in the marketplace—and if so, why aren't you making them before you step down? How will your customers, employees, and suppliers react to the news of your retirement? Is your company strong enough to survive it?

Then there are the personal issues. After raising your baby, your business, can you step away? How much golf can one person really play? Is the now the best time for you, or for your business? How do you want to be remembered by employees, customers, other owners, your marketplace, and your community?

If you run a family business, all of these questions become even more complicated because of the potential relationship fallout. If your young niece would make a far better leader than your oldest son, for example, how in the world can you explain that to him—not to mention to his mother!

If you are the one taking over the business, your role is no simpler. How can you win the support of your subordinates, customers, and vendors, drive the company to the next level of growth, and mesh your vision for the future with that of the outgoing leadership?

The closer your business is to a leadership change the more likely you are to realize what a potential earthquake it is. No matter the state or size of your company, the succession period is one of the riskiest—yet potentially rewarding—times in the life of a business. In this first chapter, Andy Birol emphasizes a simple truth that is extremely difficult for people to remember when undergoing a transition of leadership: It isn't about the owner who is stepping down, the leader who is stepping up, or anyone else involved. It's about the company and how to keep it growing, no matter who is holding the reins.

1

Know When to Hold 'Em … or When to Fold 'Em

By Andrew J. Birol and Randy Curtiss, President Loveman-Curtiss, Inc., and Chair of the American Business Appraisers National Network

You don't have to be a gambler (or a country music fan) to have hummed along with Kenny Rogers' sage advice: "You gotta know when to hold 'em … know when to fold 'em … know when to walk away … know when to run." And you don't have to fly to Vegas to heed the admonishment, which applies both to a high stakes poker game and to one of the most excruciating decisions business owners face—whether to grow their business or cash in their chips.

Even people who play a mean game of craps sometimes turn into Hamlet when it comes to business, for a simple, universal and often disclaimed reason: *fear*.

What are owners afraid of?

- Fear of making the wrong choice.
- Fear of mortality, both business and personal.
- Fear of the known unknown (what you know you don't know might hurt you).
- Fear of the unknown unknown (what you don't know you don't know might hurt you).

What if you choose to grow and the market falls out from under you? What if after you sell the market explodes with opportunity? What if you commit to growth and it costs you so much time, energy, and money that your marriage breaks up, your family writes you off, and your friendships dwindle? What if you sell the business and spend the rest of your life chasing one unfulfilling opportunity after another?

Any of these things might happen, or they might not. Agonizing over the possibilities is like making the dealer wait while you whip out a calculator to figure the odds of hitting on 17. It's a waste of everyone's time and it could get you blackballed from the table.

The Danger of the Status Quo

Human nature is to resist change until the pain of it is less than the pain of not changing. Trouble is, if your business isn't growing it's already falling behind.

The status quo is an old, cushiony La-z-Y Boy, worn in just the right places to fit the contours of your body. Recline back. Reach for the remote.

Sounds great, but only for a little while. What happens if you stay in this comfort zone?

- The farther you sink into the pillows, the harder it is to stagger to your feet.
- You stop wanting to change. (You might miss something on TV!)
- You tried bold action before (driving to the donut shop for a dozen crullers) and it gave you heartburn.
- It's not time for a commercial yet.

The consequence of all this comfort is a national epidemic: obesity, diabetes, heart disease, and more. Businesses, like bodies, are designed to move. Whatever action you choose, do it before it's too late.

Now, the Hour?

You know you must commit to action, but how do you know it's the right time? Sometimes circumstances force your hand. If stockholders, bankers, or lawyers become involved, the choice may be made for you. Similarly, owners sometimes fall ill or are encumbered by family situations that distract them from their company. In these situations, it's time to sell.

Then there's the offer you can't refuse: someone wants to pay you $10 million for a business that's worth half that figure. Or perhaps you've got your broker on speed dial when that huge order from a long coveted customer finally comes in. Suddenly you're excited about your business again. Why leave?

In most cases, however, circumstances are less compelling. Then it's all up to you. You know it's time to make a change when:

- You aren't happy.
- You are working harder for less reward.
- The old ways aren't working.

If you are dissatisfied with your lifestyle, scrambling to figure out dramatic changes in your marketplace, or simply losing ground without knowing why, it's time to make a change. Look around; this is happening everywhere. Manufacturers, priced out of the marketplace they helped create, must decide whether to restructure, move overseas, or move on. Small media companies, losing ad money to the Internet, cable TV, and others, must sell out to cash-rich corporations or come up with new sources of revenue to stay independent. The old VCR repair guy on your corner must learn to fix DVD players and Blackberries or sell his business to the neighbor's 21-year-old kid—who is already an expert.

Whatever your situation, base the decision to grow or sell on the following criteria:

1. *Your passion.* How enthusiastic are you about your business? What's your gut feeling about the future? If you aren't sure, flip a coin. If "heads" means to sell and "tails" means to grow, your gut will react to whichever side comes up. If your stomach sinks when you see Lincoln's profile, you still have the passion to grow your business.
2. *Your level of caring.* If you are no longer interested in your employees, customers, partners, or other stakeholders, or if you feel bound to them by guilt, you have your answer. On the other hand, perhaps you enjoy going to work because you're surrounded by great people, or you feel proud of the value you

deliver to customers. The more you care about the people affected by your business, the more likely you will want to stay around.

3. *Your confidence.* Having confidence means that you have a reasonable basis for your lack of fear; in other words, you believe that the rewards of growing the business outweigh the potential risks. Owners who lack confidence tend to sink into inertia, which eventually sinks the company.
4. *Your expectations.* There are four basic phases in the life of a business: survival, confidence, success, and significance. If your dreams are limited to making payroll every month, you don't have a lot invested in the future of your company. If, on the other hand, you dream of someday leading your industry and your community, you need to keep on keeping on.

For each of these criteria, assign yourself a rating of either "high" or "low." Then consult the following chart:

	High	**Low**
Passion	Hold	Fold
Caring	Hold	Fold
Confidence	Hold	Fold
Expectations	Hold	Fold

- If your highs exceed your lows, *hold on and grow*.
- If your lows exceed your highs, *fold and sell*.
- If you are still not sure, *you need some good advice!*

Often these criteria work together. If you are passionate about your business, you probably have confidence and conviction that you can grow it. If, on the other hand, your responses are mixed, look for clues as to why. For example, if you scored high in passion and confidence but low on caring and expectations, perhaps you need to look at your employees or how you build relationships with customers. Find out what's standing in your way.

If You Want to Fold …

If you want to sell your business, you need to figure out what it is worth. Do you know the present value of cash flows after taxes, adjusted for risks? What are the risks to your employers, customers, and suppliers? Do you want to step away completely, or stay involved through merging with another company? If so, what do you want your role to be?

Here are some vital steps to take if you want to sell your business:

- *Have your business appraised to get a clear value of its potential.* You need to know what a fair offer is and have a basis for countering low ones.
- *Invest in taxes.* Your business must have a track record of profitability if you wish to sell for a significant value.
- *Sell on a visible upward trend.* Those who jump when the ship is sinking end up cold and wet. Those who pull into port get to see Bali!
- *Make yourself dispensable, one step at a time.* Buyers need to see how well your business can run without you … and you need to see it, too.
- *Talk informally to prospective buyers.* Trade shows are a great place to meet people and spread the word that you're entertaining offers.
- *Consult your advisory team for help.* They know you well, so their opinions matter. They may help you find a good buyer and smooth the transition you're about to make.
- *Have a clear post-sale goal for yourself.* Hint: Even golf eventually gets boring!

If You Want to Hold …

You want to grow your business, but *can* you? Consider how profitable you are now. How much will you need to spend to grow? How much can you afford to spend to grow? Do you have a way to finance growth? What are the risks to you, personally?

Once you are honest with yourself and convinced you can do it, boldly commit yourself to grow your business where you've never grown it before. Here are five important steps:

- *Move from ambivalence to conviction.* Whatever your belief—that you can grow your business, or that you can't—you are right. The level of your passion and conviction becomes the boundary of your results.
- *Develop your Best and Highest Use.* Focus on what you love to do and do well. Know your strengths and weaknesses and hire people to compensate for the latter.
- *Focus on outcomes, not tactics.* Sales, marketing, and customer service departments are only as valuable as their ability to find, keep, and grow customers. Know who your best customers are and how you get them. Develop a system for turning buyers into loyal customers.
- *Fulfill and deliver your offer.* Make sure your delivery methods and systems are as good as what you sell. The goal here is a well-oiled machine.
- *Repeat the cycle of excellence.* Stay focused on your Best and Highest Use, your company's BHU, and how you resolve pain or create opportunities for your customers. Honor what your employees do well. Create a company culture able to sustain growth throughout the distractions and challenges that inevitably arise, perhaps including your eventual departure from the firm.

Deciding whether to hold your hand and bet the farm or fold your cards and walk away may be one of the most important things you ever do. If you are not happy, do *something.* Giving in to the fear of change leads to inertia and eventual decay. And that's a decision in itself.