



Is Your Business Strong Enough to Weather the Current Economic Storm?

The Five Key Elements of Building a High Performing Business

A business today needs to be strong enough to withstand the rigors of competition and yet flexible enough to adjust to the ever-changing demands of an informed market. Building a high-performance business today is probably more difficult than ever before because technology enables greater access to information, which allows competition to come out of seemingly nowhere and consumers to demand ever-increasing value in the marketplace.

Are you at a crossroads in your business? Have you ever thought that there has to be a better way? Do you feel that you work harder without seeing greater rewards? Are you at a place where you really don't know which way to turn or how to get started moving forward?

If you are looking to build a high-performance profitable and growing business there are five key elements that a business owner or professional must focus on and master in order to make sure that they have dramatically increased the probability of their success. Let's focus on the five key elements that when combined with the right principles of business management can dramatically increase your success.

The five key elements of a successful high-performance business

Piloting

Piloting is the first element of a high performing business because it is the foundation on which all the other elements rest. Piloting is a term that is used to describe the four dimensions of any business enterprise. A pilot has to understand the horizontal direction of the aircraft, altitude of the aircraft, the speed of the aircraft, and finally its position relative to the horizon (pitch or roll).

In every business, there are four absolutely critical dimensions of piloting that you must own with solid conviction. And like piloting an aircraft, if one of these dimensions is missing your business could be in danger of fatal disaster.

The First dimension of piloting a business is the purpose for its existence. The owner of the business determines “What is the purpose of my business?” “Why do we exist? The business may be a temporary means of making money until some other event takes place. It could be to serve a particular market group because the owner is a humanitarian. Some may say, “We just want to make money?” What is the purpose of that money? What are you going to do with it? Without an understanding of purpose, confusion can set in and kill energy, drive and direction.

The second dimension asks the question “What do we do?” This is the mission of the business and needs to be shared with everyone. It provides the scope for the business. Many businesses today have lost the focus of what they do. Because of this loss of focus energy is being wasted on many things the business was never designed to do.

The third dimension is the vision of the business and asks the question, “Where are we going?” It is the motivator for pushing the business forward. It provides the image for those that are working to build the business, to know what they are hoping to see down the road. A proverb says that “where there is no vision the people stop working”. A vision helps to release the energy needed to move forward.

The last dimension of piloting is values. It asks the question, “What are our boundaries?” This describes the constraints that the business puts on itself in order to provide guiding principles for all decisions and action. This gives balance and stability while reducing the loss of resources and opportunities in the marketplace.

Businesses are failing all of the time because they have forgotten or never really settled these four dimensions of business. It might just be possible that companies like Enron, MCI WorldCom, E.F. Hutton, Eastern Airlines, or Woolworths forgot the importance of these four dimensions. Many small business owners do not take this first element of piloting as serious as they should. When a company starts to flounder you can almost always trace the cause of the failure to a dimension of piloting.

Positioning

The second element of a successful high performing business is positioning. This is probably the most overlooked aspect of business today and has tremendous long-term profit value. To enjoy a sustainable competitive advantage today you must find a position that gives you the ability to use all of your strengths and resources, as well as the essence of who you are. Claim a position that

you can serve better than anyone and keep your competition from effectively competing in that same position.

Consider for the moment the auto industry. Mercedes and BMW position themselves in the luxury car market. Kia and Hyundai tend to position themselves in the blue-collar market. This example only addresses the economic status of your potential customer, but there are many factors that go into determining what position you are going to claim and defend. Another common case study is a comparison of American furniture manufacturers versus the Swedish manufacturing company of IKEA.

The American manufacturers provide tremendous choices of fabric and colors. They work through retail businesses, which also provide the delivery. Their product is built and assembled in the factory. Sales personnel work with the buyer on a consultative type basis helping them to understand the options of color, style and coordination.

IKEA on the other hand, provides very limited color selection and essentially no fabric choices. Their product is shipped in a broken down format to decrease shipping costs, which also requires the buyer to assemble the furniture in the home. IKEA has their own stores, and does not use general retail outlets to sell their product. The employees at IKEA are not salespeople but general customer service representatives. The buyer loads and transports the product themselves from the store to their home. IKEA stores provide the convenience of a restaurant and day care center to give buyers more time and freedom to shop.

In the comparison between IKEA and the American furniture manufacturers, the position of each business require trade-offs. IKEA has limited retail outlets since they own their own stores. They also do not sell to buyers who do not want to put their furniture together or pay someone else to do it. So each aspect of these two examples demonstrates how everything within your company relates to providing value to your client. This takes place by identifying and defending a position in the marketplace.

We will not take the time in this paper to describe the Five Competitive Forces, Value Chain Management, or other concepts that enable a business to determine its positioning. When a business clearly defines the position that it will claim and defend, it has essentially created the strategy that it is going to use to move the business forward. Once that position has been established the business can move forward into the next three elements with clarity and energy.

Planning

Planning is the third element for a successful high-performance business. Many business owners believe that they plan, when in reality they do a lot of thinking, but not a lot of planning.

There are five basic components of planning and a multitude of facets within each of those five. We will just touch briefly on each of those components.

1. **Goals.** Every business owner, manager and professional needs to develop the ability to put together a goals program for themselves, their people and their business.
2. **Obstacles.** There are reasons why you have not already achieved your goals. Many of those reasons are called obstacles or challenges. Once you have clearly identified them, clarified their impact on the goal and determined which obstacles are the most important to resolve, then you can move forward.
3. **Resources.** Every endeavor requires energy, information, tools, and other resources in order to be successful. This component suggests that you identify what resources you need to accomplish the goal and to compare it to the resources that you have. Deficiencies in resources become new obstacles and possibly new goals.
4. **Orientation.** Sometimes the challenges of achieving a goal lie outside of the scope of the goal. A goal may be in conflict with other goals within an organization, or is being hindered by other forces outside of the control of the business. The business owner reviews the current state of their business to make sure that there are no other issues involved in the success or failure of achieving this goal. Sometimes you just need to orient yourself as to where you are to go where you want to be.
5. **Steps to success.** Once you determine the goal through a quality goal setting process, determine the obstacles, assess the resources, and take an overview of the current business status, and then you lay out the steps or benchmarks to reach the goal. These are tactics or tasks that will enable you to reach your goal.

While there's more to planning and these five steps, this will give you the core aspects of taking a goal and turning it into a plan. There are issues such as prioritization, and delegation that must be considered and worked on to create a high-quality plan.

Planning is considered a skill set of management. As a manager develops the skill set and strengthens this element of a successful high-performing business it will enable them to prepare themselves for the next element.

Performing

This is by far the biggest area that businesses have to continually develop to be successful. It is more than just the operations of the business. It is more than just customer service or even great management. This is the culmination of the knowledge, skills, and actions of each employee to deliver the greatest amount of value.

When a manager takes the four critical skill sets of management, which are planning, organizing, directing, and controlling and applies them to creating value for the client, that business will have the greatest possible chance of success. Proper planning and preparation will enable a business to be more effective. The skill of organizing will help it to be more efficient in its systems and programs. As managers direct their business effectively, it will gain the best results of its people, including suppliers and customers. And finally, performance requires you to control the activities and results of a business through monitoring and accountability.

Because this area of business is so comprehensive, there are few businesses that really excel at high quality performance management. Generally there is a lot of room for development and improvement in this one particular area. This opens up opportunities for consultants to find ways to save money for your businesses by improving performance.

Promoting

Promotion is critical to the success of any organization. Being able to create and deliver exceptional products and services without any promotion will only get you so far. While "build it and they will come" may be a great line for Hollywood, it just isn't reality in the business world. And on the other hand, if you have great promotional ability and are not able to deliver the value of products and services that you promise, you can quickly kill a business through promotion.

Marketing and sales management can be very confusing to many owners and managers. One reason is managers must take their marketing beyond what they have always done. Some go to school and take courses in marketing; others study books or learn from others with more experience in marketing and sales. But like all areas of business if you are going to have a successful high performing business you must go above and beyond the average managers understanding of marketing and sales management.

There has been a tremendous amount of wasted resources on advertising and marketing because either the message was wrong, the method was wrong, the target market was wrong, or the timing was wrong. One of the principles that we teach is to constantly measure and test your marketing and sales systems.

To get the best return on your investment in promotion you must apply as many principles of sales and marketing as you can and learn to be creative or innovative in a way that utilizes quality management skills. Having a plan, being organized, directing your people, and controlling your promotions are critical to the success of a high performing business.

Conclusion

This was a very brief overview of five essential elements of a successful high-performing business. Most business owners have never considered the breath of business management for their business written here. And while many businesses are functioning at a seemingly high level without having embraced these five elements, it begs the question what would those businesses be like if they did?

Each business owner has to determine what their definition of "success" is for them. Success is not always measured in size of the business, or even in how profitable a business may be. Large businesses and even highly profitable businesses can go out of business unexpectedly. All we have to do is look at companies like Enron, Lehman Brothers, Circuit City and other so-called successful businesses.

Have you spent any time considering how business management principles can help you to build a successful high performing business? Maybe you're in a situation where you believe that you have some of these elements pretty well handled in your business. But are there others that you know are lacking and therefore are holding your business back and possibly hurting your future?

You can have a much greater depth of understanding with the help of a business management consultant. When the information, principles and skills of business management are effectively applied to a business you can expect to see dramatic results take place. Those results of improving the business management practices within a business can take that business to levels of performance and success that most business owners never even imagined.

Action

You cannot grow by remaining stagnant and doing what you have always done. If you want to achieve "success" in your life or business, above what you currently are experiencing, you must open your mind and will to the realities of change. It is only as you change your knowledge, skills, beliefs and actions that you will see changes in the results around you.

Crossroads Consultants is a business management consulting firm that helps business owners to apply these principles to achieve their own success. If you would like more information about these and other principles of business success we encourage you to contact us and discuss with us your current situation and desire for change.