

BusinessMantra™

The word mantra comes from two Sanskrit words MAN ("to think") and TRA ("tool"). Literally Mantra means "A Tool of Thought."

Our *Mantra*™ bulletins are Tools for Thought for business executives and owners. These bulletins are packed with proven and practical ideas that are simple to implement.

Read the *Mantra*™ and if you like it, tell the world. If you don't like it, tell us. Your feedback will help us improve future issues.

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ABOUT US

Prafulla Pande founded PANDE Associates Inc., a Business Advisory and Executive Coaching firm in 2003. Since that time he has worked with clients in Michigan, Ohio, Indiana, Illinois and overseas in India.

Prafulla advises Boards, CEOs, and senior executives of organizations (both for profit and non-profit) on leadership, strategy formulation and strategy execution.

PAI and an authorized licensee of the CEO Advantage™, a proven process built on the great works of Jim Collins, Patrick Lencioni and Verne Harnish.

For more information on how PAI can take your business to the next level, please visit us at www.pandeassociates.com.

Do You Know Where Your Business Is Going?

Businesses are like human beings. They are born, they live, they grow and then many get stuck and some die. Even giants like GM and Ford are stuck. One of the reasons businesses get stuck is that they lose their sense of purpose and direction.

In one of the previous issues of *Mantra*™ I quoted the following mind boggling statistics from Verne Harnish's book - Mastering the Rockefeller Habits:

- ◆ 96% of the 28 million businesses in the US (approx. 26.9 million businesses)
 - Are less than \$1 million in sales
 - Employ fewer than 10 full time people
- ◆ 3.6% of the 28 million businesses in the US (approx. 1 million businesses)
 - Are between \$1 million and \$10 million in sales
 - Employ between 10 and 50 full time people
- ◆ Of the remaining 0.4% (approx120,000 businesses)
 - Roughly 20,000 make it past \$50 million
 - Only 2,500 make it past \$500 million

Why are the statistics so skewed? Why 99.6% of businesses in the US are less than \$10 million in sales?

In this issue I will try to answer this question. But before the answer, here are some questions that every CEO must answer.

Try to answer these questions truthfully and see whether you like the answers.

- ◆ Do YOU know where your business is going?
- ◆ Is it going where you want it to go, or you are going with it?
- ◆ Do your employees know where the business is going?
- ◆ Do you have a compass to guide you with the navigation of your business?

Now here is the answer to the question – why are the statistics so skewed. The reason 99.6% of businesses never make it past \$10 million is that most of them run their businesses tactically (on a day-to-day basis) rather than strategically (on a long-term basis) and do not focus on ALL of the four vital aspects of running a business: Vision, Strategy, Execution, and Outcomes.

Let us examine each of these aspects and see why they are so important.

I VISION

Corporate vision is a short, succinct, and inspiring statement of what the organization intends to become and achieve in the future. It describes aspirations for the future, without specifying the means that will be used to achieve those

desired ends. It is a combination and alignment of core values, purpose, mission and the Big Hairy Audacious Goal (BHAG).

Every CEO has a vision. This is the big prize for all the hard work the organization puts in. Vision must be articulated clearly and simplistically in one sentence and everyone must get it. When the vision is articulated properly and shared, it inspires and energizes the organization. Vision without good articulation is like having no vision at all. Without a vision it is only a matter of time that the business will perish.

"Before you can inspire with emotion, you must be swamped with it yourself. Before you can move their tears, your own must flow. To convince them, you must yourself believe." - Winston Churchill

II STRATEGY

Strategic Intent is a step before strategy. Strategic Intent is an organization's declaration and commitment to achieve its vision. Strategy is the way in which an organization orients itself towards its target customers to increase or sustain its market share. It is the way an organization plans to gain a sustainable advantage over its competition.

Successful companies focus their efforts strategically. They think and plan long-term but execute short-term provided the short-term is in alignment with the long-term. All strategies and actions contained therein must align with the organization's vision.

Strategic planning requires knowing who you are, what you stand for, what you are good at, what you are passionate about and what you want to become. These are the pillars of any business plan. A plan built without these pillars being solidly in place with key actions to achieve the plan is not a good plan.

"Vision without action is a daydream. Action without vision is a nightmare." - Japanese proverb

III EXECUTION

Vision is achieved when strategies are implemented successfully. It is a proven fact that organizations do not fail for lack of vision and strategies. They fail for lack of execution of strategies. Execution is getting results from strategies. Successful execution requires identifying the important priorities and having the discipline to work on them relentlessly without distractions day after day after day.

Execution is staying focused and adhering to the plan. Making sure that all the key people of the organization are playing to same sheet music and marching to the same drumbeat.

Tracking progress and performance through a good set of metrics that are tracked regularly is a part of a good plan. Good metrics consist of things that are important to an organization rather than what is easy to measure.

IV OUTCOMES

VISION

STRATEGY

EXECUTION

OUTCOMES

COACH'S TOOLBOX

(Try This)

Try to find out if your employees know where your business is going.

First write down where you think your company will be in ten years. Then walk up to a few employees randomly and ask them individually to tell you where they see the company in ten years. Make a note of what they tell you. Do the same exercise with your executives. Ask them to write down where they see the company in ten years. Look at all the responses. How do these compare to what you thought where the company will be in ten years.

You will be amazed at the disparity of responses. If there is disparity, your vision is not articulated properly. Go to work and fix it.

When people know where your bus is going, you will see a remarkable improvement in their morale.

Sincerely,

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the **CEO** | *advantage*[™]

If you are interested in a particular topic or you have a question regarding the topic covered in this *Mantra*[™], please write to ppande@pandeassociates.com

The force that prevents you from wavering is discipline. Fighting all the distractions and sticking to the priorities is discipline. When you run a company, issues in the form of bullets come at you fast and furious. Successful outcomes happen only when you stay your course, undaunted while your company deals with the bullets. It is easy to jump in and try to solve all the problems. When you do that you may get those problems solved but who is doing your work in the meantime. You get farther and farther behind and never catch up no matter how many extra hours you work. Discipline and focus deliver the desired outcomes

In his book, *Mastering the Rockefeller' Habits*, Verne Harnish says that the key to John D. Rockefeller's success was that he developed three habits that he always lived by. These were:

- ◆ Have a handful of rules
- ◆ Repeat yourself a lot
- ◆ Act consistently within those rules

Anyone wanting to build a successful company must form these habits. Rockefeller did.

Verne Harnish conducts workshops on Rockefeller Habits around the world. In his recent workshop in New Delhi, India that I attended, Verne inserted a fourth habit:

- ◆ Have a trusted advisor

Your trusted advisor keeps you disciplined and keeps reminding you of the direction in which you want to take your business.

People tell me that, these concepts that I always talk about, are brain dead simple. I agree with them, they indeed are brain dead simple. But the truth of the matter is that unless someone holds them to it, people seldom use them. I have clients who will admit that left to their own they would not have the discipline to follow these handful of rules.

Again – Do you know where your business is going? Do you have your vision in place, do you have aligned strategies that your key people have bought into, do you have a process to execute the strategies, do you have a tracking mechanism, and do you have the discipline to keep you focused on your strategies? If any one of these is missing, you will not achieve the desired outcomes and your business could get stuck – May even perish.

And finally, every business must have an annual *PHYSICAL*. Remember I said in the beginning businesses are like human beings. They too need annual physicals. I am not talking about the financial audits; I am talking about a business physical. Did you give your business a physical in December? If not, when was the last time your business had one? If you have not had one in last twelve months make having one a high priority. To learn more about Business Physicals, write to ppande@pandeassociates.com.

I will write more about business physicals in the future. For now think hard about what you have read here because following the concepts written in this *Mantra*[™] could change the statistics in which your business currently resides.