



## STAGE 1

Startup: 1 - 10 employees

### Special Report on the 7 Stages of Growth

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Congratulations! You have launched your business with passion, high hopes and a strong belief in your product or service. We're willing to bet that things have probably not unfolded quite as you had expected. Welcome to the world of the entrepreneur! Your first task is to develop a business model that has wings to fly. It is a time of trial and error experimentation.

Our goal is to help you “navigate the growth curve” as you move forward, offer you an infusion of hope (what you are experiencing is not unusual) and give you some pointers on what you can do to move to the next level of success.

This Special Report is based on our proprietary and highly effective 7 Stages of Growth business model, developed by James Fischer. Fischer created the 7 Stages of Growth business model based on extensive research of entrepreneurial companies. His research demonstrates that as companies add more people, the complexity level of the organization increases. This report contains critical information that will help you:

1. Predict how growth will impact you.
2. Adapt your leadership skills, knowledge and insights to your specific stage of growth.
3. Focus on the right things at the right time.

Because each business and its team are unique, this Special Report may contain some information that does not apply to you and your business, but most of it will. We hope you find the takeaways helpful.

**What you are probably experiencing:**

As a Stage 1 business in the startup phase, here are some realities for you in this early stage of growth.

Area	Description
<b>Employees</b>	You have 1 to 10 employees.
<b>CEO/President</b>	You (the CEO/President) are the Specialist (sales/marketing, technical guru or inventor) who is championing a unique product or service.
<b>Team</b>	You have assembled a team that is dedicated to your vision.
<b>Climate</b>	The climate is a roller coaster: excitement as you launch, trying to find a niche, discouragement as promises are broken or opportunities fail to materialize, tiring as the day-to-day pursuit drags on; but, finally excitement as you find what works.
<b>Business Model</b>	You are working hard to find a business model that builds traction quickly.
<b>Experimentation</b>	Trial and error is the name of the game.
<b>Chaos</b>	Things are chaotic as you experiment and learn what works and does not. Staying focused can be difficult.
<b>Systems</b>	Routines and systems are difficult to establish due to the chaos from experimentation.
<b>Cash</b>	Cash is tight. There never seems to be enough.
<b>Focus</b>	It is all about survival!

Most businesses start because the founder had an idea and believed he/she could do something new or better. We applaud you for your courage and dedication to make a difference. Now, let's focus on your success.

**Your primary goal:**

In Stage 1, your primary goal is to develop a business model that is profitable and sustainable. It must address the following:

1. Value Proposition
2. Customers/Channels

3. Product/Service Features/Benefits
4. Revenue Model
5. Marketing and Sales Process
6. Operations Process
7. Profitability
8. Cash Flow

When you have developed a business model that works, you are ready for Stage 2 (Ramp Up).

### **Strategic & Leadership Perspective**

Strategy at this level is defined as “creating a way to win.” Your job in Stage 1 is to focus and execute what you are best at: bring in cash, maintain momentum and secure growth capital before you need it. Look ahead and predict the top three issues that will disrupt your business momentum. Getting too complex and detailed at this period of growth is not necessary. **Success comes from doing.**

You need a resource/mentor/coach to rely on and share experiences with. Many new company CEOs find the new situation lonely at times because you are expected to have all the answers. Find a couple of mentors and share war stories. Find one of similar size, and one more who is beyond where you are and pick up clues as to how they got there. By the way, everyone in your shop is looking at you. You set the culture, mission and values of your firm. You have to be consistent if you want a group of true believers—and you do!

If your company is a long-term Stage 1 Company, your job is to perfect what you are doing. Every few months, tear down certain aspects of your business and rebuild them to new and better specifications. Making mistakes is part of the perfecting process. Accept this and you will move forward.

**Your biggest challenges & most important activities:**

As a Stage 1 leader, your biggest challenges will likely include at least three of the following. We have provided several actions you should consider to overcome the challenges.

Challenge	Activities to Meet the Challenge
<b>Creating cash flow</b>	<ul style="list-style-type: none"> <li>• Generate, track and protect cash - cash flow is more important than profit.</li> <li>• Focus 80% of your resources on selling the 2 to 3 offerings with the best margins.</li> </ul>
<b>Increasing Sales</b>	<ul style="list-style-type: none"> <li>• Have meaningful conversations with potential target audiences.</li> <li>• Craft marketing/sales messages that resonate with your customers.</li> <li>• Fine-tune your product/service to meet your customer's wants.</li> </ul>
<b>Dealing with Chaos</b>	<ul style="list-style-type: none"> <li>• Do not waste time trying to stabilize the business (until you discover the business model that works). Instead, embrace chaos - command and inspire the team.</li> <li>• Hire first for how the person fits in with the team and the ability to get it done and second, for how competent they are.</li> <li>• Establish a company-wide performance mindset, feedback loop and employee development through regular one-on-one meetings.</li> </ul>
<b>Getting product/service to market</b>	<ul style="list-style-type: none"> <li>• Identify and understand your key processes.</li> <li>• Develop a well-defined description of the key processes.</li> <li>• Train your staff in the key processes.</li> </ul>
<b>Acquiring necessary capital to grow</b>	<ul style="list-style-type: none"> <li>• Develop a compelling business model and plan. Sell, sell, sell the concept.</li> </ul>

You (CEO/Founder) need to generate sales and quickly get people on board who embrace your vision, understand your goals and objectives, are willing to wear any hat and to go to the mat - doing whatever it takes to move the business forward.

In Stage 1, your team selection is all about how a staff member fits the culture and the ability to do whatever it takes to get the job done (specialized skills and experience takes a backseat). Your staff needs to help facilitate how work gets done and how quickly it gets done. They also need to be flexible and willing to embrace

change. There are so many unknowns and things can change quickly as you are frequently mixing things up in your efforts to find what works best.

Creating and maintaining focus is very difficult in Stage 1. The high degree of uncertainty affects your ability to stay focused. Unless the business has outside funding, poor Cash Flow and Limited Capital can force you to prematurely stray from the original core business (by chasing projects that might bring in money), instead of staying focused on the principal goals and objectives.

Without a strong business model, the business can become destabilized by the chaos that results as you work to bring in capital, find markets for products/services and staff the team needed to help deliver the products/services.

Even if you are focused on delivery of the product/service, getting to market without strong financial backing can take too much time. This might cause the business to miss opportunities.

Because the business is feeling its way along in its attempt to discover what works, processes tend to be dynamic and less rigid.

**Tools you should be using to build your business:**

As the CEO/Founder, you should be using the following leadership tools to lead the team.

Leadership Component	Description
<b>Leadership Modality</b>	<ul style="list-style-type: none"> <li>• <b>Dominant</b> - This directive-oriented style is best capsulated by, “I know where we need to go. I know what we need to do to get there. Help me do it.”</li> </ul>
<b>Roles</b>	<ul style="list-style-type: none"> <li>• <b>Technician/Specialist</b> (doing the stuff) - 50% of your time.</li> <li>• <b>Visionary</b> (creating, revising, casting) - 40% of your time.</li> <li>• <b>Manager</b> (managing people) - 10% of your time.</li> </ul>
<b>Leadership competencies</b>	<ul style="list-style-type: none"> <li>• <b>Emotional self-awareness</b></li> <li>• <b>Self confidence</b></li> <li>• <b>Empathy</b></li> <li>• <b>Inspirational leadership</b></li> <li>• <b>Developing others</b></li> </ul>
<b>Builder/Protector Ratio</b>	<b>4 to 1:</b> Now is the time to “go for it” with some caution.

Your influence in the business must be Dominant. Without your Dominant influence (direct or indirect), the business will not move forward.

You should primarily wear the hat of Visionary (50% of your time) and Specialist (40% of your time). As the Visionary, it is your passion, energy and vision that will keep the business moving forward. As the Specialist, it is your expertise that creates and

tweaks the new or better product/service and its delivery to the market. With a self-motivated team that is able to get things done, managing is not a time-consuming task (10% of your time).

The Builder/Protector Ratio (BPR) is a measurement of “confidence v. caution.” It is a critical tool to gage the business’ ability to accept change, respond with confidence to change and successfully navigate the change.

Builders: (1) thrive on risk; (2) are always looking for new opportunities and (3) do not cower to the overwhelming issues that confront them every day. On the other hand, Protectors: (1) thrive on caution; and (2) prefer to apply the brakes (and should be encouraged to do so when appropriate) and (3) tend to be risk averse.

During Stage 1, your optimal Builder/Protector Ratio should be 4:1 - 4 Builders to 1 Protector. You must not only be a Builder, you must develop a team that for the most part is like-minded in order to persevere through the challenges of a startup. But, a bit of the Protector mindset is helpful to counter the Builders’ tendency to be eternal optimists with tunnel vision.

**Five non-negotiable rules for Stage 1:**

There are five non-negotiable rules for each stage of growth. The effective completion/implementation of these five rules increases the likelihood for continued survival and financial success.

Area	Non-Negotiable Rule
Cash	Generate, track and preserve cash.
Sales Focus	Focus 80% of your resources on selling the 2 to 3 offerings that have the highest margins.
Hiring	Hiring decisions should be made: (1) first for how the person fits in with the team; and (2) how competent the person is.
Handling Chaos	Don’t waste time trying to stabilize the chaos in your company. Instead, embrace the chaos - command and inspire your team.
Company Mindset	Establish a company-wide performance mindset, feedback loop and employee development through regular one-to-one meetings.

**Building blocks that your business should have or be creating:**

Each growth stage has foundational building blocks that must be created and set in place to be prepared for the next stage.

Function	Building Block
<b>Business Model</b>	You should continue to refine a simple business model laying out your: (1) value proposition; (2) target customer/channel; (3) product/service features & pricing; (4) revenue streams; (5) marketing & sales strategy; (6) operations strategy; (7) profitability and (8) cash flow.
<b>Sales</b>	You should experiment until you discover the unique value proposition that resonates with your target customers/clients. You should develop a simple sales system that works and can be replicated and used by all of your sales people.
<b>Financial System</b>	Your financial system should include: (1) a simple financial model so you understand what affects your bottom line; (2) cash flow forecasting and tracking and (3) a simple managerial accounting system.
<b>Processes</b>	Identify and document your key processes. Train you staff so they understand the processes.

If you establish these foundation building blocks during Stage 1, it will make Stage 2 (and subsequent Stages) much easier to navigate. If you do not establish them in Stage 1, your growing pains (difficulties and challenges) will continue to increase until you scream “Uncle!” - and take the time to establish them. So, get these in place now and you will avoid the delays and headaches associated with trying build on an inadequate foundation.

### **Getting Ready for Stage 2:**

You will move into Stage 2 (Ramp-Up) when you reach 11 employees. As you move from Stage 1 to Stage 2, you will experience a Flood Zone. This is a transition zone that requires you to bear up to the increase in activity. Your employees will feel this Flood Zone first as you increase the number of clients, the number of projects and add new employees. While you can’t avoid this Flood Zone, you can talk about it and allow your staff to share their frustrations and their solutions to managing this critical transition. Listen. Learn. Lead. Your key to success for Stage 2 will be how well you are able to handle the increase in activity as your volume and number of employees increases.





## Summary

The Vantage Group helps companies just like yours navigate the challenges that are typical for a Stage 3 organization. We have designed programs, services and tools that are directly tied to the issues faced by Stage 3 leaders.

Visit our website <https://vantagegroupinc.com/stages-of-growth-x-ray/> for additional resources:

**Stages of Growth X-Ray™:** A facilitated workshop with a CEO and his/her management team that gets to the root cause of critical issues in order to create alignment, engagement, and create action plans that get implemented.

## About Us

The Vantage Group helps organizations to develop a people-first and objective lens within their business, so they move from talking business strategy to realizing desired business outcomes! We believe in a “work with” not “do to” philosophy of engaging leadership teams and organizations. We work with our clients to understand their organization, their people, their current processes, and their culture. Using best practices in utilizing technology, team building, and leadership development tools, The Vantage Group helps organizations move as a unified team toward shared, leader-modeled outcomes that can result in “raving fan” customers; high staff morale; clarity of purpose; focused goal execution and meaningful results. Recognizing that if a business isn’t growing, it’s dying, we help business leaders predict how growth is impacting them, focus on the right things at the right time and adapt their leadership skills to the needs of their company.

The Vantage Group is affiliated with Laurie Taylor, the author of the Stages of Growth X-Ray™ program and a series of How To books on each of the 7 Stages of Growth. Each book unlocks the challenges you face in each stage of growth and provides solutions to addressing those challenges. You’ll also learn how to identify the ‘hidden agents’ that may be creating obstacles to growth and how to find the root cause to immediately improve alignment, engagement and implementation. You can order Laurie’s books on Amazon.com.

**Survive and Thrive:** How to Unlock Profits in a Startup with 1 - 10 Employees

**Sales Ramp Up:** How to Kick Start Performance and Adapt to Chaos with 11 - 19 Employees

**The Art of Delegation:** How to Effectively Let Go to Grow with 20 - 34 Employees

**Managing the Managers:** How to Accelerate Growth Through People and Processes with 35 - 57 Employees

**Leadership Integration:** How to Cultivate Collaboration from the Top Down with 58 - 95 Employees

**Fostering Happy Employees:** How to Ensure Staff Alignment and Engagement with 96 - 160 Employees

**Visionary Leadership:** How to Recapture the Entrepreneurial Spirit with 161 - 500 Employees