



STAGE 2

Ramp Up: 11 - 19 employees Special Report on the 7 Stages of Growth

Hello and welcome to Stage 2. During Stage 1, you developed a successful business model - and now you are ramping up the business by expanding your sales and adding employees to handle the volume increase. Thus, your activity level is very challenging. We call it a Flood Zone.

A Flood Zone is when there is an increase in the quantity of activity. You are flooded with activity as you have more customers, higher production, more processes and more people. As in Stage 1, the company is still CEO-centric, relying on the CEO to continue to drive the vision, make sales and be the chief decision-maker.

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 2 business in the Ramp Up phase, you are likely experiencing a number of the following. If you are not, it may be an indication that the company has not yet matured into a Stage 2 business.

Area	Description
Employees	You have 11 to 19 employees.
CEO/President	You are the Specialist (sales/marketing, technical guru or inventor). You are working incredible hours. Your personal life is likely suffering from all the work you are doing to grow the business.
Team	You have a team that is dedicated to your vision. But, staff members are looking for more autonomy, which is a challenge.
Business Model	You have found a successful business model but you continue to explore other market opportunities.
Climate	You and your staff are excited because the business is growing and is showing great promise. At the same time, the increase in activity is challenging the entire team.
Systems	Routines and systems are difficult to establish due to experimentation.
Cash	Cash is tight as working capital needs grow from increased sales volume (A/R, Inventory increases) and payroll.
Focus	It is all about growing sales.

In Stage 2, it's all about sales and profit growth. It is an exciting time. You have a lot of work to do to prepare for Stage 3 (a stage notorious for killing small businesses).

Your primary goal:

In Stage 2, your primary goal is to Ramp Up the business. It is time to begin reaping the fruits of the hard labor you sowed in Stage 1. Whereas Stage 1 was an uphill battle, Stage 2 should be a downhill adventure as you build momentum. You should be focused on Profit, Revenues and Cash Flow. When you move into Stage 3, you should have significant momentum, a quality staff and a business that can live comfortably on its cash flow.

Strategic & Leadership Perspective

Strategy at this level is defined as “perfecting and sharing your way to win.” You have a couple of employees in the company that are client oriented and sales focused. To maximize your potential, they need to be capable of selling at a profit. Selling at a profit has a direct correlation to having cash flow to manage. One of your first specialists to hire or outsource, in addition to a bookkeeper, is an accountant (someone to give you managerial financial insight).

Further, your priorities require you to plan for the future and secure the capital needed to grow. Having operational and growth capital in hand before you need it is a sign of excellent forecasting and planning. **Success comes from qualifying and hiring quality people, training them and keeping your clients’ interests at heart.**

From a leadership perspective, you will find that some employees are reaching a state of near burnout. Everyone is working hard, filling in gaps to make sure things get done. They could be hardened to your message and may be frustrated. This is a good time to consider taking your team through a Stages of Growth X-Ray™. A program that allows your critical team members to share their concerns and by creating a dialogue around issues, you’ll create alignment, which leads to engagement and ultimately, implementation. Gathering information and seeking input and alignment with your team is an excellent way for a leader to be engaging and pro-active. The X-Ray process will tell you what key staff is thinking, which is invaluable to you. Once you and your team are in alignment with the company’s priorities, you’ll gain the traction you need to maintain focus and improve performance.

Your biggest challenges & most important activities:

Your biggest challenges in Stage 2 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
Hiring Quality People (not more people)	<ul style="list-style-type: none"> • Define clear roles and responsibilities for each employee. • Define what an exceptional employee is. • Develop a hiring process.
Increasing Sales	<ul style="list-style-type: none"> • Make selling everyday a priority. • Continue to dialogue with your customers. • Fine-tune your product/service and your marketing/sales messages.
Managing Cash Flow	<ul style="list-style-type: none"> • Forecast and track cash flow weekly until you understand your cash flow cycle. • Spend money only after serious financial analysis.
Addressing the Leadership/Staff Gap	<ul style="list-style-type: none"> • Meet weekly with each staff person (one-on-one) to discuss what they are doing and need and how to help. • Put all directives in writing. • Drive small action teams to hit goals.
Acquiring Working Capital to Grow	<ul style="list-style-type: none"> • Evaluate the strength of your business model and plan. • Are you on target with expectations? • Identify potential investment sources. • Sell, sell, sell the concept.

With the business now growing, it is time to begin building your infrastructure and preparing for Stage 3. Infrastructure building begins with the following:

1. Developing clearly defined values.
2. Defining tasks and processes.
3. Defining roles and responsibilities for each team member.
4. Helping your team members become specialists in their business function.
5. Beginning to think about what specific responsibilities you can delegate and who you can delegate them to in Stage 3.

The Flood Zone causes many CEO/Presidents to lose their focus as they attempt to handle the flood of new activity. Do not let the activity distract you from first focusing on the following:

1. Driving profits and revenue
2. Maintaining product/service quality and customer service excellence
3. Weekly monitoring your success key indicators

Tools you should be using to build your business:

As the CEO/President, you should be wearing the following leadership hats to lead the team.

Leadership Component	Description
Leadership Modality	<ul style="list-style-type: none"> • Dominant - A directive oriented leadership style characterized by, “I know where we need to go. I know what we need to do to get there. Help me do it.”
Roles	<ul style="list-style-type: none"> • Technician/Specialist (doing the stuff) - 40% of your time • Visionary (creating, revising, casting) - 40% of your time • Manager (managing people) - 20% of your time
Leadership competencies	<ul style="list-style-type: none"> • Emotional self-awareness • Accurate self-assessment • Initiative • Empathy • Developing others
Builder/Protector Ratio	<p>3 to 1: Continue to model a confident, builder-like attitude to the company. Growth will extract its due so caution must continue to balance all decisions.</p>

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

You should be spending most of your time being a Visionary (40% of your time) and a 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.

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 everyday. On the other hand, Protectors: (1) thrive on caution; (2) prefer to apply the brakes (and should be encouraged to do so when appropriate) and (3) tend to be risk averse.

During Stage 2, the Builder/Protector Ratio should be 3:1 - 3 Builders to 1 Protector. While you continue to bring a builder-like mindset to the company, it's not about "charging the hill," but more about "is everyone on the same page?" As you build your team members, who are becoming leaders and specialists, you must help build their confidence in their ability to succeed.

Five non-negotiable rules for Stage 2:

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
Selling	Sell everyday - without exception.
Managers	Develop three employee leaders to be responsible, accountable and proactive (in preparation to be managers).
Dashboard	Create a daily, weekly and monthly "key performance indicator" instrument that tracks performance.
Communication	Put all communications and directions for staff in writing.
Teams	Drive small action teams to hit goals.

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 in order to successfully navigate that growth stage and to be prepared for the next stage.

Function	Building Blocks
Business Model	You should continue to refine a simple business model laying out your (1) value proposition; (2) target customer/channel; (3) product/service features and pricing; (4) revenue streams; (5) marketing and sales strategy; (6) operations strategy; (7) profitability and (8) cash flow.
Sales	You should have a simple sales system that works and can be replicated and used by all of your sales people. You should also have or be implementing a Customer Relationship Management (CRM) system.
Quality Control	You should have a quality control review and feedback form (work review template) to keep the team on track and held accountable.

Financial System	Your financial system should include (1) one-year profit plan (budget) projecting revenues and expenses; (2) financial model; (3) cash flow forecasting and (4) dashboard.
Employee Plan	You should have a written plan for each employee describing expectations, performance measurements and actions that will be taken to help him/her succeed.

If you don't establish these foundation building blocks during Stage 2 (or the building blocks required in Stage 1), it will make navigating through Stage 3 (and subsequent Stages) much more difficult. In fact, if you do not establish them in Stage 2, 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 3:

You will move into Stage 3 (Delegation) when you reach 20 employees. The transition zone from Stage 2 to Stage 3 is called the Wind Tunnel. A Wind Tunnel requires you to let go of methodologies that no longer work and acquire new ones that do. The key to success for Stage 3 will be how ready you are to delegate.

Stage 3 is usually the most difficult stage to navigate for an entrepreneur. Why? Because you are used to controlling every aspect of the ship. But, the business has grown too large for you to continue micro-managing your team. It will require you to trust others - who likely cannot do it as well as you can. But there is only one of you - so you can either burn out (and watch the business decline) or build others who will grow the business with you. Your mantra will be "let it go to let it grow."

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