

How healthy is your Business?

By Warren Rutherford

Successful businesses grow, are financially strong, and have integrated sales, marketing, and operations functions. Combined with superior leadership, teams, and employees that develop and implement good planning, businesses will be top performers.

Why then, do so many businesses fail to be more successful? What opportunities for improvement are they missing? Which of these factors are the most important?

Actually, all these factors are important, and, if integrated properly, help drive success. Let's look at several of the ways you can "take the temperature" of your business by visiting the health office and performing a "health-check."

First, let's examine the business owner's perspective. Health measured here examines the number of hours the owner works, whether or not he maintains and uses a goal and task process, prepares and executes his plan daily, and develops, maintains, and achieves his personal goals. Why might this be important? Well, who is leading the company, driving the mission, vision, and company purpose? How are we doing so far?

Next, let's check the financial pulse of the business. Do you benchmark financial performance to industry averages, test the temperature of the cash flow management process, follow a process to manage and reduce receivables, and measure the level of the business' net profit margin? Is your business pulse within the norm? Now, let's take the temperature of your business' sales process. Is your sales

team held accountable for their sales targets, do they use a systematic process to track leads, conversion rates, and sales volume? Is there regular skills and product/service training for sales staff? Is there a functioning and respected sales incentive and rewards program? Oh yes, and do you try not concentrate more than 10% of your sales with one client? What is the reading on the thermometer?

It is time to test the reflexes of your marketing program. Do you have a formal marketing plan and use it regularly? Do you focus on the products and services that most heavily impact earnings and do you have a good understanding of what your clients think? Do you regularly track the financial value of each client's contribution over time to your profit? Does your team understand your positioning statements, your unique selling advantages, and do these bend with changing customer needs? How flexible are you now?

Let's examine your business' circulation system, its operations. Typically, circulation slows when there is not a functioning operations plan and budget that regularly measures and compares quality and profitability. Additionally, a smooth-flowing circulation system can be characterized by full use of a business' tangible and intangible assets. Hypertension may result when inventories are not monitored for optimum efficiency. Finally, arterial blockage can result when not continuously monitoring project management activities. Do you need a transfusion?



The Global Leader in Executive Coaching and Mentoring

But what about the health of the less tangible aspects of the business, let's examine these.

Hmm, how is superior business leadership measured? Is there a clear mission, vision, and purpose – the MVP of the business? Is there effective delegation of authority and open communication? Do you recognize and reward achievement and innovation, do your leaders have the skill and ability levels to achieve excellence?

Strong employee alignment is evidenced by several observable factors. First, are employee values, motivations, and talents understood and incorporated into the business' processes? Do the qualifications and training of employees for their jobs help identify if these employees will meet the future needs of the company? Do your employees consider their jobs to be rewarding and interesting, and do you support a family-like environment? How aligned are you?

Almost done with the examination, just two more to go. Do your team dynamics encourage open and honest communication that rewards employees? Do you train employees to function effectively as a team, provide opportunities to embrace change to better meet client needs, and facilitate a collaborative, supportive work environment? How are we feeling now?

As a final element in our office health check, let's examine your business' planning effort. Do you have a formal business planning process that results in clear strategic goals and objectives? Do you complement this with regular planning discussions with your

supervisors and team members to ensure you are moving in a well-defined direction? Oh, and not to neglect a preventive medicine question – is there a planned exit strategy for the owner?

Depending on the results of your “DISCoverY™ Diagnostic” you may or may not need further diagnostic testing. A sample of a full “diagnostic scan” and a “workforce alignment scan” illustrate how precisely the results of a “health check” can be measured, and how a business can take steps to improve its health.

Similar to the prognosis of an annual physical, a business health check can recommend proactive measures you can implement to increase your financial strength, increase sales, improve your marketing, and increase the effectiveness of your operational functions. Further recommendations can result in improved leadership, more effective and dynamic teams, more productive employees, and a proactive and anticipatory business planning process. The Doctor is making house calls.

About

Warren J. Rutherford is president of Rutherford Advisors Inc. an Accredited Associate, IIB, a CMT Accredited Senior Mentor, a Certified Innermetrix Consultant, and a BNI Assistant Director in the SE Mass/RI Region. He provides business advisory and mentoring services to small and medium-sized business, B2B solutions through his Alignment Marketing program.

CMT International has Accredited Mentors around the world to help you unlock your hidden potential.

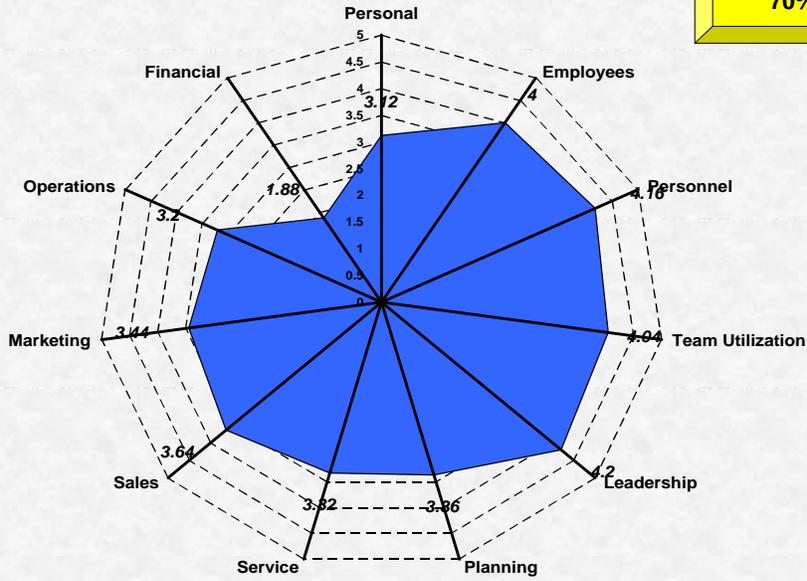
www.cmtmentors.com



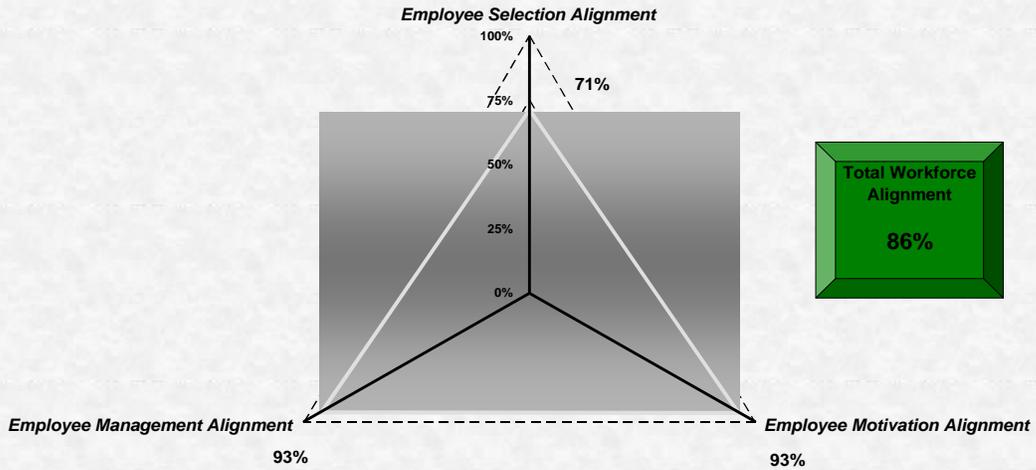
The Global Leader in Executive Coaching and Mentoring

DISCoverY Diagnostic Scan

Total Health Score
70%



Workforce Alignment



The Global Leader in Executive Coaching and Mentoring