

## WHERE DOES YOUR COMPANY FIT?

Scan the six vertical columns below, describing the business characteristics of the stages of growth. Then locate and circle the characteristics that best describe your company. A pattern should begin to emerge, identifying your company's stage of growth, primarily in a single vertical column. All your circles may not be confined to one column, however, because some business functions will be more developed than others.

BUSINESS CHARACTERISTICS						
GROWTH STAGES	1 CONCEPT	2 INCEPTION	3 SURVIVAL	4 GROWTH	5 EXPANSION	6 MATURITY
Company Objectives	<ul style="list-style-type: none"> <li>Clarifying Vision</li> <li>Defining Market Needs</li> <li>Establishing Competitive Niche and Brand Image</li> <li>Creating Platform to Expand Products and Services Vertically and Horizontally</li> </ul>	<ul style="list-style-type: none"> <li>Obtaining Customers &amp; Cash</li> <li>Producing Product or Service</li> </ul>	<ul style="list-style-type: none"> <li>Expanding Revenues</li> <li>Cost Awareness</li> <li>Quality Consciousness</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining Perspective (Reality vs Euphoria)</li> <li>Coordinating Resources</li> <li>Balancing Today's &amp; Tomorrow's needs</li> </ul>	<ul style="list-style-type: none"> <li>Financing Growth</li> <li>Maintaining Control, Enthusiasm &amp; Commitment</li> </ul>	<ul style="list-style-type: none"> <li>Expense Control</li> <li>Productivity</li> <li>Global Penetration</li> <li>Management of Market Niches</li> </ul>
Structure of Organisation	<ul style="list-style-type: none"> <li>Virtual</li> <li>Strategic Alliances</li> </ul>	<ul style="list-style-type: none"> <li>Informal</li> <li>Management by Founders</li> </ul>	<ul style="list-style-type: none"> <li>Simple</li> <li>Expanded Management Team</li> </ul>	<ul style="list-style-type: none"> <li>Centralised</li> <li>Autonomy</li> <li>Blurred Accountability</li> </ul>	<ul style="list-style-type: none"> <li>Products or Markets</li> <li>Functional Accountability</li> </ul>	<ul style="list-style-type: none"> <li>Decentralised</li> <li>Functional/Product Accountability</li> </ul>
Management Style	<ul style="list-style-type: none"> <li>Entrepreneurial</li> <li>"One-Man Band"</li> </ul>	<ul style="list-style-type: none"> <li>Entrepreneurial</li> <li>Consensus Decision-Making</li> </ul>	<ul style="list-style-type: none"> <li>Entrepreneurial</li> <li>Management by Walking Around</li> </ul>	<ul style="list-style-type: none"> <li>Conflict Between Formal and Informal</li> <li>Multiple Entrepreneurs</li> <li>Decreasing Contact with Employees, Customers</li> </ul>	<ul style="list-style-type: none"> <li>Delegation of Authority to Professional Management</li> <li>Reduced Entrepreneur Involvement</li> </ul>	<ul style="list-style-type: none"> <li>Redeployment of Management Talent</li> <li>Management by Objectives</li> </ul>
Products & Markets	<ul style="list-style-type: none"> <li>Identifying Customer Needs</li> <li>Providing Convenience (Variety, Pricing, Speed)</li> </ul>	<ul style="list-style-type: none"> <li>Single Product</li> <li>Limited Channels and Market</li> </ul>	<ul style="list-style-type: none"> <li>Gaining Repeat Customers</li> <li>Expanding Channels</li> </ul>	<ul style="list-style-type: none"> <li>Broadened Line</li> <li>Focused Channels</li> <li>International Trade</li> </ul>	<ul style="list-style-type: none"> <li>Extended Geographic Coverage</li> <li>New or Enhanced Product Lines, Markets &amp; Channels</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining &amp; Defending Market Position</li> <li>Repackaging or Revitalising</li> <li>Seeking or Expanding Market Niches</li> </ul>
Major Expenditures	<ul style="list-style-type: none"> <li>Designing/Developing Products/Services, Technology Applications, and Brand</li> <li>R&amp;D/Licensing</li> </ul>	<ul style="list-style-type: none"> <li>Prototype of Product</li> </ul>	<ul style="list-style-type: none"> <li>Customers</li> <li>Human Resources</li> </ul>	<ul style="list-style-type: none"> <li>Plant &amp; Equipment</li> <li>Inventory &amp; Receivables</li> <li>Management Reporting Systems</li> </ul>	<ul style="list-style-type: none"> <li>Broadened Operating Capabilities</li> <li>Geographic &amp; Channel Expansion</li> </ul>	<ul style="list-style-type: none"> <li>Equipment to Reduce Product Cost</li> <li>Building Competitive Barriers</li> </ul>
Sources of Financing	<ul style="list-style-type: none"> <li>Owners</li> <li>Friends</li> <li>Relatives</li> <li>Suppliers</li> <li>Customers</li> <li>Venture</li> <li>Government Grants</li> </ul>	<ul style="list-style-type: none"> <li>Owners</li> <li>Friends</li> <li>Relatives</li> <li>Suppliers</li> <li>Customers</li> <li>Venture</li> <li>Government Grants</li> </ul>	<ul style="list-style-type: none"> <li>Banks</li> <li>Government Grants</li> <li>Leasing</li> </ul>	<ul style="list-style-type: none"> <li>Institutional</li> <li>New Partners</li> <li>Profits</li> </ul>	<ul style="list-style-type: none"> <li>Capital Markets</li> <li>Profits</li> <li>Joint Ventures</li> <li>Licensing</li> </ul>	<ul style="list-style-type: none"> <li>Cash Flow</li> <li>International Financing</li> <li>Divestiture of Segments</li> </ul>

## WHAT ARE YOUR MOST SERIOUS MANAGEMENT CONCERNS?

After you've identified your company's growth stage, use the chart below, to focus on the management concerns, you're facing now – and may face at the next stage of business growth. It may be helpful to first circle current concerns, as a step toward seeking solutions.

MANAGEMENT CONCERNS						
GROWTH STAGES	1 CONCEPT	2 INCEPTION	3 SURVIVAL	4 GROWTH	5 EXPANSION	6 MATURITY
Cash Management	<ul style="list-style-type: none"> <li>Access to Angel/VC Network</li> <li>Management by Checkbook</li> <li>Valuation of Business</li> </ul>	<ul style="list-style-type: none"> <li>Negative Balances</li> <li>Taxes Delayed</li> </ul>	<ul style="list-style-type: none"> <li>Cash Outflow Exceeding Inflow</li> <li>Marginal Bank Balances</li> <li>Surprised Lenders</li> </ul>	<ul style="list-style-type: none"> <li>Bankability</li> <li>High Leverage</li> <li>Absence of Financial &amp; Tax Strategy for Generating Cash</li> </ul>	<ul style="list-style-type: none"> <li>Debt Service Exceeding Cash Flow</li> <li>Prohibitive Covenants</li> <li>Customers Demand Special Terms</li> </ul>	<ul style="list-style-type: none"> <li>Sustained Periods of Negative Cash Flow</li> <li>No Formal Investment Strategy</li> </ul>
Asset Management	<ul style="list-style-type: none"> <li>Controlled Spending on Promotion, Networking and Travel</li> </ul>	<ul style="list-style-type: none"> <li>Not Conserving Cash</li> <li>Imprudent Purchasing</li> </ul>	<ul style="list-style-type: none"> <li>Poor Turnover of Assets</li> <li>Emphasis on Sales vs Profit</li> <li>Buying vs Leasing</li> <li>Inadequate Capital</li> </ul>	<ul style="list-style-type: none"> <li>Excessive Increases in Overhead and Personnel</li> <li>Inventory Shortages or Imbalances</li> <li>Vintage Receivables</li> <li>Short-term Financing</li> </ul>	<ul style="list-style-type: none"> <li>No Coordination of Operating Plan with Financial Conditions</li> <li>No ROI and Capital Investment Analysis</li> </ul>	<ul style="list-style-type: none"> <li>Declining Margins</li> <li>Business Segments Not Evaluated for ROA</li> <li>Capital Projects Not Linked to Sustainability of Business</li> <li>No Capital Budget</li> </ul>
Marketing	<ul style="list-style-type: none"> <li>Not Developing Meaningful, Unique Product Attributes</li> <li>Lack of Identity and Brand Awareness</li> </ul>	<ul style="list-style-type: none"> <li>Getting Above Noise Level of Competitors</li> <li>Low Market Acceptance</li> <li>Potential Loss of Vendors of Customer</li> </ul>	<ul style="list-style-type: none"> <li>Cost Pressures on Quality of Product or Customer Service</li> <li>Predatory Competitors</li> <li>Low Repeat Business</li> <li>Product Failures</li> </ul>	<ul style="list-style-type: none"> <li>Absence of Market Feedback</li> <li>High Product Returns or Write-Offs</li> <li>Not meeting Sales Targets</li> <li>Growing Backorders</li> <li>Competitor "Knockoffs"</li> <li>Customer Complaints</li> <li>No Strategic Marketing Plan</li> </ul>	<ul style="list-style-type: none"> <li>Not Meeting Volume &amp; Mix Targets</li> <li>Low Growth</li> <li>Shrinking Market Share</li> <li>Not Relating Marketing Expenses to Sales Targets</li> <li>No Key Account Programmes</li> </ul>	<ul style="list-style-type: none"> <li>Not Low Cost Provider</li> <li>No Evaluation of the Profitability of Channels</li> <li>No Assessment of Advertising &amp; Promotion Effectiveness</li> </ul>
Organisational Behaviour	<ul style="list-style-type: none"> <li>Adapting to Environment Real-Time</li> <li>Continuous Evaluation</li> <li>Acting Swiftly – Leaving Details for Later</li> </ul>	<ul style="list-style-type: none"> <li>"Emperor's New Clothes" Syndrome</li> </ul>	<ul style="list-style-type: none"> <li>Absence of External Advice</li> <li>Denial of Internal Feedback</li> </ul>	<ul style="list-style-type: none"> <li>Emergence of "Peter Principle"</li> <li>Avoidance of Difficult Decisions About Roles, Authority &amp; Responsibility</li> </ul>	<ul style="list-style-type: none"> <li>New Executives' Values Clash with the Culture</li> <li>Layers Slow Decision-Making</li> <li>Lack of Delegation</li> </ul>	<ul style="list-style-type: none"> <li>Reduced Communication &amp; Cooperation Among Functional Units</li> <li>Unhealthy Competition for Power</li> </ul>
Management Reporting	<ul style="list-style-type: none"> <li>Virtual Network</li> </ul>	<ul style="list-style-type: none"> <li>Keeping Running Total in Head</li> <li>No Budget</li> </ul>	<ul style="list-style-type: none"> <li>Late Data</li> <li>Unanticipated Results; No Feedback</li> <li>No Interim Reports</li> </ul>	<ul style="list-style-type: none"> <li>Budget is the Plan</li> <li>No Flash Reports</li> <li>Overridden or Inadequate Internal Systems</li> <li>No Strategic Planning</li> <li>No Contingency Planning</li> </ul>	<ul style="list-style-type: none"> <li>No Feedback &amp; Analysis of Profitability &amp; Performance</li> <li>No Buy-in to Operating Plans</li> <li>Blurred Accountability for Corrective Action</li> </ul>	<ul style="list-style-type: none"> <li>Control Systems Not Documented</li> <li>Measurements Not Related to Success Factors</li> <li>Reporting Not Tied to Management Incentives</li> </ul>
Information Systems/Internet Solutions	<ul style="list-style-type: none"> <li>Initial PC/Internet Applications</li> </ul>	<ul style="list-style-type: none"> <li>Selecting Best System at Lowest Cost</li> <li>Application Support</li> <li>Security of Data</li> </ul>	<ul style="list-style-type: none"> <li>Upgrading Without Assessing Needs, Alternatives &amp; Employees</li> </ul>	<ul style="list-style-type: none"> <li>Developing Customised Applications</li> <li>Systems Non-Responsive to Customers &amp; Employees</li> <li>Being a Guinea Pig</li> <li>No Systems Plan</li> <li>No Decision Support</li> </ul>	<ul style="list-style-type: none"> <li>No Timely Reports on Sales, Inventory, Key Customer Positions</li> <li>Information Systems Driving the Business</li> <li>No Disaster Recovery Plan</li> <li>No Control Environment</li> </ul>	<ul style="list-style-type: none"> <li>Absence of Integration for Business and Systems Plans</li> <li>Inability to Selectively Analyze Customer &amp; Product Data</li> </ul>

**TRY ANOTHER PERSPECTIVE** For a broader look at your business, give copies of this diagnostic to other members of management and your advisors, and compare their assessments to yours. By sharing opinions, you'll be able to better anticipate problem areas and plan for the future.