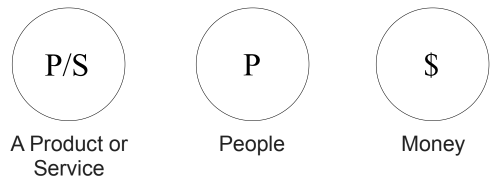
The Evolution Of A Successful Business

The Beginning Of A Business

Regardless of its intended size or type, a business entity comes into being with three key resources or components:



History has proven that if a business begins without a good product/ service, someone capable of running the business, and enough money, the business is doomed for failure. The future viability of a business enterprise is dictated by:

1. The supply an demand of the product(s) and/or service(s) to be offered for sale;
2. The ability of people to manage and operate the business; and
3. The capitalization and financial structure of the business.

However, having access to all of the required resources does not guarantee success. It' s how the resources are combined that makes the difference. The chronology of events, strategy, and plan for the utilization of resources is what is referred to as a Business Plan.

The Business Plan

Small business owners arc notorious for beginning operations without a well-thought business plan. As a result, 90% of all starting businesses are out of business in ten years.

The reason good business plans are the exception, and not the rule, are:

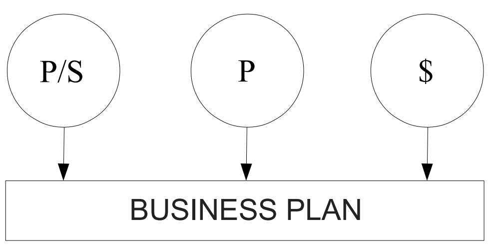
1. Constructing a good business plan is a time-consuming and tedious project;
2. Optimism and enthusiasm about starting a business have a tendency to overshadow the realities about many critical factors -the available market, the amount of money needed, cash flow, time factors, ability of business partners, legal requirements, etc.
3. Constructing a good business plan costs money.

The content of a good business plan varies substantially with the type and nature of a business, but all business plans should include a description of and/or information regarding:

1. Business Objectives
2. Legal Organization
3. Product Description

4. Cost & Pricing
5. Marketing Rationale & Analysis
6. Promotion Plan
7. Start-up Costs and Allocation
8. Financing Proposal/Equity Plan
9. Financial Management
10. Cost Analysis
11. Break-Even Analysis
12. Basic Budgets
13. Projected Financial Statements
14. Projected Cash Flows
15. Organizational Chart
16. Personnel Requirements
17. Contracted Services Required
18. Equipment & Fixture Requirements
19. Facility Requirements
20. Inventory Requirements

In essence, a business plan is a detailed statement of how resources are merged to form a viable business entity:



www.ehs.dueprocessadvocate.com

Initial Operations

The initial operation is the "moment of truth" in the life of a business. It is during this stage that the greatest number of business failures occur. "The best laid plans of mice and men oft go astray" very appropriately describes this period. It is now that a myriad of "un-thought-of' organizational details present themselves; people-problems emerge, money is running out, suppliers don't deliver what they promised, IRS forward s their welcome package, haphazard accounting procedures develop, not enough time to get things done, etc.

As successful business owners will tell you, this is the time for the "survival of the fittest". It is a time when many "entrepreneurs" find out their previous employers "weren't so bad after all". It's a time when individuals work harder than they ever have in their lives, yet still fail miserably.

What is it, then, that makes the initial operation of a business successful?

There are many inter-related factors; all of which can be condensed into this observation:

A business headed for success pays attention to the development of four key areas of responsibility:

1. Administration
2. Finance
3. Marketing, Production & Operations
4. Information Management

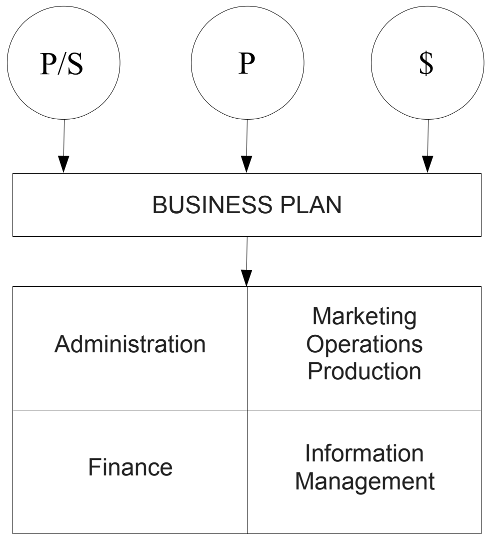
In the administrative area, initial activities should clearly establish "who's responsible for what", so that an organizational chart can evolve. Details must be hit head-on: miscellaneous business registrations, printed materials, supplies, organizing the business office, insurance, bank accounts, files, etc.

Perhaps financial matters require the most attention; the checkbook, accounting system, payables and receivables files, cash flow, invoicing, posting, etc. All must be be systematized and the responsibilities for various financial tasks allocated to individuals.

The basic marketing plan should be reviewed and refined during the early stages of operation. Order entry procedures, production processes, and operational flow charts are developed with a close watch on cost information. Support functions such as inventory and purchasing procedures are implemented to enhance productivity.

Lastly, good manual systems are established to provide information to all areas of operation and to pave the way for data processing systems, if required.

The real importance of initial operations, therefore, is to form the "foundation" of activities upon which the business will be built.



Growth And Development

The continued growth and development of an established company is a complex process. The essence of that process is the further delineation and delegation of duties and responsibilities within the various departments of company operation. Thus, administration expands to accumulate more business by increasing the "specialization" of its functions. Finance is organized to provide accounting, financial management, analysis, planning, and tax management. Marketing Activities clearly establish product/service descriptions, pricing formulas and strategies, distribution methods, and promotion plans . Operational flow charts are constructed to analyze costs and enhance productivity. Production procedures and support functions are established to create efficiency. Information systems, manual or computer, are implemented to save time and money.

But the challenge is how. How can all of these items be developed during the normal course of business ... without adversely affecting day-to-day operations?

Our answer is this:

1. Clearly state the short-term and long-term objectives of your business;

2. Objectively evaluate the ability of all personnel to provide the necessary expertise to achieve those objectives;

3. Objectively evaluate the availability of any/all other resources needed to achieve those objectives; and

4. Structure the plan for the growth and development of your company in a strict acknowledgment of the above, i.e.: Do the best with what you have, not what you would like to have.

www.ehs.dueprocessadvocate.com

It should be noted that an objective evaluation of personnel and resources will dictate the guidelines for your company's growth and development. The plan must be realistic to achieve controlled and profitable growth.

www.ehs.dueprocessadvocate.com

Success In Business

Many business owners and managers who, through the eyes of others, have failed miserably, are, through their own eyes, quite successful. The reality of the situation rests entirely on one's definition of success. This, in essence, is the real difference between "big business" and "small business".

Success for a Fortune 500 company is a relatively straight forward assessment of earnings and profits.

Success for the small businessman could be defined as anyone of a variety of results: independence, community recognition, the desire to take a chance, etc.; but is not necessarily linked to profits.

It is this very realization about success which has set the stage for the seemingly eternal confrontation between the small business owner or manager and his/her professional advisors.

Our final advice is this:

Clearly define what you consider to be your goals in business and surround yourself with the individuals and environment most likely to assist you in reaching your goals.

For more information, please don't hesitate to contact:

Edward H. Smith, Business Consultant
497 Hooksett Road, #395, Manchester, NH 03104
Cell Phone: (603) 867-1022 Fax: (603) 218-6624
Email: ehsportal@gmail.com Website: www.ehsportal.com

www.ehs.dueprocessadvocate.com