The Ten Commandments of Managing a Small Business

I. THINK STRAIGHT

Maintain a detached point of view. Managing a growing business requires unyielding dedication that can consume the body, impair the senses, and warp the mind. Such effects are harmful to the individual and the enterprise. Clinical objectivity is the only preventative. Growth implies and entails risk. Risk begets failures as well as successes. Wide perspective gained through non-business experience or study helps one endure the pressures and accept with equanimity the results, good and bad, of business decisions.

II. TRAVEL LIGHT

Limit the number of primary participants to people who can consciously agree upon and contribute directly to that which the enterprise is to accomplish. There are many reasons people become involved in young, growing companies as owners, investors, or key employees. The broad range of satisfaction sought runs from an opportunity to personal expressions on one end of the spectrum to capital gains on the other. Unless there is compatibility between what each primary participant wants out of the business, debilitating conflict is likely to ensue. The process of trying to consciously agree on the purpose of the enterprise is often difficult and revealing.

III. THE CUSTOMER IS KING

Define the business of the enterprise in terms of what is to be bought, precisely by whom, and why. Businesses are organs of society that perform tasks associated with providing most goods and services the public decides it wishes to own and use. Under this capitalistic system, a business can prosper to the extent it performs its particular tasks effectively and efficiently. The nature of the tasks to be performed usually changes over time as those served change. The successful company predicts and responds to its chosen customers needs. Customers, therefore, define the business. At all times, some customers are growing in their ability to buy, others are declining. The astute manager ascertains which is which.

IV. WRITE IT DOWN

Prepare and work from a written plan that delineates who in the total organization is to do what, by when. Until committed to paper, intentions are seeds without soil, sails without wind, mere wishes which render communication within an organization inefficient, understanding uncertain, feedback inaccurate, and execution sporadic. Without execution, there is no payoff. The process of committing plans to paper is easy to postpone under the press of day-to-day events. In the absence of a document, fully coordinated usage of the resources of the business is unlikely. Each participant travels along a different route toward a destination of his or her own choosing. Decisions are made independently, without a map. Time is lost, energy squandered.

V. HIRE EXPERIENCE

Employ key people with proven records of success at doing what needs to be done. People do what they like; they like what they know. Experience adds depth to knowledge. The best indicator of how a person will perform in the future is how he or she has done in the past in the same or related activity. Criteria for selecting key people are dictated by the plans, the blueprints for the business. The plans reflect the operational objectives and the intentions of the primary participants. The interest and capabilities of a new person must harmonize with both.

VI. MOTIVATE

Reward individual performance that exceeds agreed upon standards. Performance above the perfunctory level is a discretionary matter for each employee. Most people have alternative off-the-job ways of utilizing excess energy or talent. Channeling such excess into activity beneficial to the business requires a tailored approach to each individual. A manager must first insure that there is understanding of the minimum results to be achieved. Then, for performance above the minimums, forms of compensation important to the performer or in some cases, teams of performers must be utilized.

VII. CONSERVE ENERGY

Concentrate all available resources on accomplishing two or three specific operational objectives within a given time period. Enterprises have finite resources. A smaller company achieves competitive advantage when playing for limited, explicit gains in a market place of its own choosing. Specialization breeds an organization sensitive to opportunities and quick to act. But any advantage withers if follow through is weak. It will be weak if resources are dissipated. Resource dilution is a sure formula for mediocrity, a state of being that aspiring growth businesses cannot afford.

VIII. LET THERE BE CASH

Project, monitor, and conserve cash and credit capability. Cash flow is the blood of a growth business. A company's ability to continue is determined daily, not at year-end, by the contents of the checking account rather than the financial statement. Keeping money in hand or readily available for both planned and unplanned events is not only prudent but also necessary in unsettled times. Cultivation of financial sources is an enduring duty.

IX. BE NOT GREEDY

Expand methodically from a profitable base toward a balanced business. Optimism is both the poison and the antidote of the growth company manager It may be possible to accomplish all things, but not simultaneously. With limited resources, sequential growth over time is the judicious prescription for prosperity. Seek logical, Incremental extensions of existing activities, but avoid a growth for growth's sake psychology. Bigger is not automatically better; more is not necessarily merrier. Make managing a competitive advantage. Increase customer dependency on the enterprise.

X. TEST

Anticipate incessant external change by continuously testing adopted business plans for their consistency with the realities of the world marketplace. The past will not come again. Neither isolation nor insulation from tomorrow is possible. The problems of the times are the opportunities of the times, as always.