



STAGE 1 Insight Report

STAGE 1 START UP 1-10 EMPLOYEES







Stage 1
START UP
(1 -10 Employees)

Congratulations

You've launched your business with passion, high hopes and a strong belief in your product or service. As exciting as it is, we're willing to bet that things have probably not unfolded quite as you had expected. Welcome to the world of the entrepreneur!

Our goal is to help you "navigate the growth curve" so you can move forward, confident in your ability to lead and grow your company. Toward that end, we've developed this Insight Report, which is based on the proprietary and highly-effective 7 Stages of Growth business model developed by James Fischer. Fischer developed this 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.

Of course, each business and its team are unique, so this Insight Report may contain some information that does not apply to you and your business, but much of it will. We hope you find the insights and takeaways helpful.



What you are probably experiencing:

As a Stage 1 business in the Start Up phase, you are likely experiencing a number of the following.

Area	Description
Employees	You have 1 to 10 employees.
CEO/Founder	You (the CEO/Founder) are the Specialist (sales/marketing, technical guru or inventor) who is championing a unique product or service.
Team	You have assembled a team that is dedicated to your vision.
Climate	The climate is a roller coaster; it's exciting as you launch and work to find your niche, followed by discouragement as promises are broken and opportunities fail to materialize. The day-to-day pursuit is tiring but as you discover what works, the excitement returns.
Business Model	You are working hard to find a business model that builds traction quickly.
Experimentation	Trial and error is the name of the game.
Chaos	Things are chaotic as you experiment and learn what works and what does not. Staying focused can be difficult.
Systems	Routines and systems are difficult to establish due to the chaos from experimentation.
Cash	Cash is tight. There never seems to be enough.
Focus	It is all about survival!

Most businesses start because the founder had an idea and believed he/she could do something new or better. We applaud you for your courage and dedication to making a difference. Now, let's focus on your success by looking a bit closer at Stage 1.

Your primary goal:

In Stage 1, your primary goal is to develop a business model that is profitable, sustainable and addresses the following:

1. Value Proposition
2. Customers/Channels
3. Product/Service Features/Benefits
4. Revenue Model
5. Marketing and Sales Process
6. Operations Process
7. Profitability
8. Cash Flow

Once you have developed and refined a business model that works, you'll be well on your way to Stage 2 (Ramp Up).



Strategic & Leadership Perspective

Strategy at this level is defined as “creating a way to win.” Your job in Stage 1 is to focus on and do what you are best at: bringing in cash, maintaining momentum and securing growth capital before you need it. Be sure to keep an eye out for any developments that could disrupt your business’ momentum. Getting too complex and detailed at this period of growth is not necessary. Success comes from doing.

In Stage 1, the company is CEO-centric and everyone in your shop is looking at you. You set the culture, mission and values of your firm. You have to be consistent if you want a group of true believers—and you do! Nurturing the culture and instilling the values you want now will pay off handsomely as you grow.

You'll also want to find a resource/mentor/coach to rely on and share experiences with. Many new-company CEOs find it "lonely at the top" and experience stress because they feel they need to have all the answers. Find a couple of mentors and share war stories. Ideally, find one in a company of similar size, and one at a larger company (i.e., beyond where you are today) and look to pick up clues as to how they got there. This can also be an ideal time to go through a more informal version of a Stages of Growth X-Ray™ which will provide tremendous insight and knowledge about what is happening in Stage 1 and how to be ahead of the game when you get to Stage 2.

Continued growth doesn't have to mean getting bigger. If your company is a long-term Stage 1 company, your job is to perfect what you are doing. Every few months, tear down certain aspects of your business and rebuild them to new and better specifications. If you continue to do this, your company can keep growing without necessarily getting bigger.





Your biggest challenges & most important activities:

As a Stage 1 leader, your biggest challenges will likely include at least three of the following. We have provided several actions for you to consider that will address these challenges.

Challenge	Activities to Meet the Challenge
Creating Cash Flow	<ul style="list-style-type: none">• Generate, track and protect cash – right now, cash flow is more important than profit.• Focus 80% of your resources on selling the 2 to 3 offerings with the best margins.
Dealing with Chaos	<ul style="list-style-type: none">• Do not waste time trying to stabilize the business (until you discover the business model that works). Instead, embrace chaos – command and inspire the team.• Hire first for how the person fits in with the team and the ability to get it done and second, for how competent they are.• Through regular one-on-one meetings, establish a company-wide performance mindset, complete with feedback loop and employee development program.
Getting Product/Service to Market	<ul style="list-style-type: none">• Identify and understand your key processes.• Develop a well-defined description of the key processes.• Train your staff in the key processes.
Acquiring Necessary Capital to Grow	<ul style="list-style-type: none">• Develop a compelling business model and plan. Sell, sell, sell the concept.
Expanding Sales	<ul style="list-style-type: none">• Have meaningful conversations with potential target audiences.• Craft marketing/sales messages that resonate with your customers.• Fine-tune your product/service to meet your customers' wants.

You, as the CEO/Founder, need to generate sales and quickly get the people on board who embrace your vision, understand your goals and objectives, are willing to wear any hat and to go to the mat – effectively doing whatever it takes to move the business forward.

In Stage 1, team selection is all about how a staff member fits the culture and whether they have the ability to do whatever it takes to get the job done (specialized skills and experience take a backseat). Your staff needs to help facilitate how work gets done and how quickly it gets done. They also need to be flexible and willing to embrace change. Processes tend to be dynamic and less rigid because there are so many unknowns and the business is feeling its way as it attempts to discover what works best.

Creating and maintaining focus is very difficult in Stage 1, thanks to the high degree of uncertainty. Unless the business has outside funding, poor cash flow and limited capital can tempt, and even force you to stray from your core business, chasing projects that might bring in money rather than staying focused on the principle goals and objectives.

Without a strong business model, the business can become destabilized by the chaos that results as you work to bring in capital, identify markets for your products/services and find the team that can deliver those products/services. Even if you maintain focus on delivery of the product/service, getting to market without strong financial backing can take too long and result in the business missing out on opportunities.





Tools you should be using to build your business:

As the CEO/Founder, you'll want to adopt the following leadership tools, which are tailored to the needs of a Stage 1 company.

Leadership Component	Description
CEO/Leadership Modality	<ul style="list-style-type: none">• Dominant - This directive-oriented style is best capsulated by, "I know where we need to go. I know what we need to do to get there. Help me do it."
Roles <i>(Three Faces of a Leader Blend)</i>	<ul style="list-style-type: none">• Specialist/Technician (doing the stuff) – 50% of your time• Visionary (creating, revising, casting) – 40% of your time.• Manager (managing people) – 10% of your time.
Leadership Competencies	<ul style="list-style-type: none">• Emotional self-awareness• Self-confidence• Empathy• Inspirational leadership• Developing others
Builder/Protector Ratio	<ul style="list-style-type: none">• 4 to 1: Now is the time to "go for it" albeit with some caution

Leadership Modality

Your influence in the business must be Dominant. At this point in the company's development, it's your "baby" and everyone is looking to you for direction. Without your Dominant influence (direct or indirect), the business will not move forward.

Roles

Primarily, you'll wear the hat of Specialist (50% of your time) and Visionary (40% of your time). As the Specialist, it is your expertise that creates and tweaks the new and better product/service and its delivery to the market. As the Visionary, it is your passion, energy and vision that keeps the business moving forward. With a self-motivated team that is able to get things done, managing should not be an overly, time-consuming task (10% of your time).

Builder/Protector Ratio

The Builder/Protector Ratio (BPR) is a measurement of “confidence versus caution.” It is a critical tool that assesses the business’ ability to accept change, respond with confidence to change and successfully navigate 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 every day. 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 1, your optimal Builder/Protector Ratio should be 4:1 – 4 Builders to 1 Protector. You must not only be a Builder but you must develop a team that, for the most part, is like-minded so the team can persevere through the challenges of a startup. However, a bit of the Protector mindset is important to counter the Builders’ tendency of being eternal optimists, complete with tunnel vision.





Five non-negotiable rules for Stage 1:

There are five non-negotiable rules (NNRs) for each stage of growth. These NNRs will help you focus efforts on the mission critical aspects that are crucial for your stage of growth. The effective completion/implementation of these five rules increases the likelihood of continued survival and financial success.

Area	Non-Negotiable Rule
Cash	Generate, track and preserve cash.
Sales Focus	Focus 80% of your resources on selling the 2 to 3 offerings that have the highest margins.
Hiring	Hiring decisions should be made based on: (1) how the person fits in with the team; and (2) how competent the person is.
Handling Chaos	Don't waste time trying to stabilize the chaos in your company. Instead, embrace the chaos – command and inspire your team.
Company Mindset	Through regular one-on-one meetings, establish a company-wide performance mindset, a communication feedback loop and an employee development program.



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 through that growth stage and prepare your company for the next one.

Function	Building Blocks
Business Model	Continue to refine a simple business model laying out your: (1) value proposition; (2) target customer/channel; (3) product/service features & pricing; (4) revenue streams; (5) marketing & sales strategy; (6) operations strategy; (7) profitability and (8) cash flow.
Sales	Experiment until you discover the unique value proposition that resonates with your target customers/clients and then develop a simple sales system that works, can be replicated and is used by all sales people.
Financial System	Your financial system should include: (1) a simple financial model so you understand what affects your bottom line; (2) cash flow forecasting and tracking and (3) a simple managerial accounting system.
Processes	Identify and document your key processes and train your staff so they understand the processes.

If you establish these foundational building blocks during Stage 1, it will make Stage 2 (and subsequent stages) much easier to navigate. If you do not establish them in Stage 1, your growing pains (i.e., difficulties and challenges) will continue to increase until you scream "Uncle!" Note that one of the four rules that govern the 7 Stages of Growth is "What you don't get done in any stage of growth doesn't go away." Instead, it becomes an obstacle to future growth. So get these in place now and you will avoid the delays and headaches associated with trying to build on an inadequate foundation.

Getting ready for Stage 2:

You will move into Stage 2 (Ramp-Up) when you reach 11 employees. As you move from Stage 1 to Stage 2, you will experience a Flood Zone. This is a transition zone that requires you to bear up to the increase in activity. Your employees will feel this Flood Zone first as you increase the number of clients, the number of projects and add new employees. When this happens, the tendency is to add more people, but that only intensifies the problem and can prematurely push you into a new stage of growth. While you can't avoid this Flood Zone, you can prepare for it by talking about it and allowing your staff to share their frustrations and their solutions. Listen. Learn. Lead. Your key to success for Stage 2 will be how well you are able to handle the increase in activity as your sales and number of employees grows.

You will move into Stage 2 (Ramp-Up) when you reach

11

EMPLOYEES



Delta-V Strategies equips business owners with the tools and insights they need to navigate growth. We have developed and curated a variety of programs and services that are directly related to the issues faced by Stage 1 leaders and we are certified to bring Stages of Growth to your company through a Stages of Growth X-Ray™ – a facilitated workshop with a CEO and his/her management team designed to create alignment, engagement and action plans that get implemented. For more information or to schedule your Stages of Growth X-Ray, visit us at www.SurvivingGrowth.com.

Delta-V Strategies 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'll face and provides solutions that address those challenges. You'll also learn how to identify the 'hidden agents' that may be creating obstacles to growth and how to get to the root cause of critical issues. 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

©2021 FlashPoint! LLC



Stage 1
START UP
(1-10 employees)



Stage 2
RAMP UP
(11-19 employees)



Stage 3
DELEGATION
(20-34 employees)



Stage 4
PROFESSIONAL
(35-57 employees)



Stage 5
INTEGRATION
(58-95 employees)



Stage 6
STRATEGIC
(96-160 employees)



Stage 7
VISIONARY
(161-500 employees)

7 Stages of Growth



DELTA-V
STRATEGIES