



STAGE 2 Insight Report

STAGE 2 RAMP UP 11-19 EMPLOYEES







Stage 2 **RAMP UP** (11 -19 Employees)

Congratulations

During Stage 1 (Start Up), you developed a successful business model. Now you are ramping up the business by expanding your sales and adding employees to handle the volume increase. Your activity level is very challenging and testing the limits of your company's capabilities – we call this a Flood Zone.

A Flood Zone is when there is a surge in the quantity of activity thanks to increases in customers, production, processes and people. As in Stage 1, the company is still CEO-centric, meaning that it relies on the CEO to drive the vision, make sales and be the chief decision maker.

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 2 business in the Ramp Up phase, you are likely experiencing a number of the following. If you are not, it may be an indication that the company has not yet matured into a Stage 2 business.

Area	Description
Employees	You have 11 to 19 employees.
CEO/Founder	You are the Specialist (sales/marketing, technical guru or inventor). You are working incredible hours and your personal life is likely suffering from all the work you are doing to grow the business.
Team	You have a team that is dedicated to your vision but staff members are looking for more autonomy, which is a challenge.
Business Model	You have found a successful business model but you continue to explore other market opportunities.
Climate	You and your staff are excited because the business is growing and showing great promise. At the same time, the increase in activity is challenging the entire team.
Systems	Routines and systems are difficult to establish due to experimentation.
Cash	Cash is tight as working capital needs have grown due to increased sales volume (which means higher A/R and inventory) and payroll.
Focus	It is all about growing sales.

In Stage 2, it's all about sales and profit growth. It's an exciting time. Operationally, things are extremely busy and there's a lot of work to do to prepare for Stage 3 (a stage notorious for killing small businesses).

Your primary goal:

In Stage 2, your primary goal is to Ramp Up the business. It is time to begin reaping the fruits of your hard labor from Stage 1. Where Stage 1 may have felt like an uphill battle, Stage 2 is more of a downhill adventure as you take advantage of the momentum you're generating. Your focus is on profit, revenues and cash flow. By the time you move into Stage 3, you should have significant momentum, a quality staff and a business that can live comfortably on its cash flow.



Strategic & Leadership Perspective

Strategy at this level is defined as “perfecting and sharing your way to win.” You have a couple of employees in the company that are client oriented and sales focused. To maximize your potential, you need to surround yourself with capable people and begin defining roles and responsibilities. One of the first specialists to hire or outsource, in addition to a bookkeeper, is an accountant (someone to give you managerial financial insight).

Further, your priorities require you to plan for the future and secure the capital needed to grow. Having operational and growth capital in hand before you need it is a sign of excellent forecasting and planning. Success comes from qualifying, hiring and training quality people and keeping your clients’ interests at heart.

From a leadership perspective, you will find that due to the high levels of activity, some employees may be reaching a state of near burnout (including yourself) in their efforts to make sure things get done. This can lead to frustration and can undermine the culture and values you've worked to establish. As a result, this is a good time to consider taking your team through a Stages of Growth X-Ray™, a program that allows your critical team members to share their concerns by creating a dialogue around issues – knowing what your key staff is thinking is invaluable. Gathering information and seeking input from your team is also an excellent way to keep people engaged. Once you and your team are in alignment with the company's priorities, you'll gain the traction you need to maintain focus and improve performance.





Your biggest challenges & most important activities:

As a Stage 2 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
Hiring Quality People (not more people)	<ul style="list-style-type: none">• Define clear roles and responsibilities for each employee.• Define what an exceptional employee is.• Develop a hiring process.
Expanding Sales	<ul style="list-style-type: none">• Make selling every day a priority.• Continue to dialogue with your customers.• Fine-tune your product/service and your marketing/sales messages.
Managing Cash Flow	<ul style="list-style-type: none">• Forecast and track cash flow weekly until you understand your cash flow cycle.• Spend money only after serious financial analysis.
Addressing the Leadership/Staff Gap	<ul style="list-style-type: none">• Meet weekly with each staff person (one-on-one) to discuss what they are doing, what they need and how you can help.• Put all directives in writing.• Drive small action teams to hit goals.
Acquiring Working Capital to Grow	<ul style="list-style-type: none">• Evaluate the strength of your business model and plan.• Are you on target with expectations?• Identify potential investment sources.• Sell, sell, sell the concept.

With the business growing, it is time to begin building your infrastructure and preparing for Stage 3. Infrastructure building begins with the following:

1. Developing clearly defined values.
2. Defining tasks and processes.
3. Clarifying roles and responsibilities for each team member.
4. Helping your team members become specialists in their business function.
5. Beginning to think about which specific responsibilities you can delegate and to whom (which will happen in Stage 3).

The Flood Zone mentioned earlier causes many CEO/Founders to lose their focus as they attempt to handle the flood of new activity. Do not let the activity distract you from first focusing on:

1. Driving profits and revenues.
2. Maintaining product/service quality and customer service excellence.
3. Monitoring your key success indicators (on a weekly basis).





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 2 company.

Leadership Component	Description
Leadership Modality	<ul style="list-style-type: none"> • Dominant - This directive-oriented style is characterized 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) – 40% of your time • Visionary (creating, revising, casting) – 40% of your time • Manager (managing people) – 20% of your time
Leadership competencies	<ul style="list-style-type: none"> • Emotional self-awareness • Accurate self-assessment • Initiative • Empathy • Developing others
Builder/Protector Ratio	<ul style="list-style-type: none"> • 3 to 1: Continue to model a confident, builder-like attitude. Growth will extract its due so caution must continue to balance all decisions.

Leadership Modality

Just like in Stage 1, your influence in the business must be Dominant. The company is still CEO-centric so without your Dominant influence (direct or indirect), the business will not move forward.

Roles

You will still spend most of your time being a Visionary (40% of your time) and a Specialist (40% of your time). As the Visionary, it is your passion, energy and vision that will keep the business moving forward. As the Specialist, it is your expertise that identifies and creates the new or better product/service and its delivery to the market.

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 2, the Builder/Protector Ratio should be 3:1 – 3 Builders to 1 Protector. While you continue to bring a builder-like mindset to the company, it takes a step back so the new venture isn’t put at unnecessary risk. It’s not about “charging the hill,” but is more about “is everyone on the same page?” As you build your team members into leaders and specialists, you must help build their confidence in their ability to succeed.





Five non-negotiable rules for Stage 2:

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 for continued survival and financial success.

Area	Non-Negotiable Rule
Selling	Sell every day – without exception.
Managers	Develop three employee leaders to be responsible, accountable and proactive (preparing them to be managers).
Dashboard	Create a daily, weekly and monthly “key performance indicator” instrument that tracks performance.
Communication	Put all communications and directions for staff in writing.
Teams	Drive small action teams to hit goals.



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 and pricing; (4) revenue streams; (5) marketing and sales strategy; (6) operations strategy; (7) profitability and (8) cash flow.
Sales	Have a simple sales system that works, is repeatable and is used by all of your sales people. You should also have or be implementing a Customer Relationship Management (CRM) system.
Quality Control	Develop a quality control review and feedback form (work review template) to keep the team on track and held accountable.
Financial System	Your financial system should include a (1) one-year profit plan (budget) projecting revenues and expenses; (2) financial model; (3) cash flow forecast and (4) dashboard.
Employee Plan	Have a written plan for each employee describing expectations, performance measurements and actions that will be taken to help him/her succeed.

If you don't establish these foundational building blocks during Stage 2 (or the building blocks required in Stage 1), it will make navigating through Stage 3 (and subsequent stages) much more difficult. In fact, if you do not establish them in Stage 2, 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 3:

You will move into Stage 3 (Delegation) when you reach 20 employees. The transition zone from Stage 2 to Stage 3 is called a Wind Tunnel. A Wind Tunnel requires that you let go of methodologies that no longer work and acquire new ones that do. The key to success for Stage 3 will be how ready you are to delegate.

Stage 3 is usually the most difficult stage to navigate for an entrepreneur. Why? Because you are used to controlling every aspect of the ship but by Stage 3, the business has grown too large for you to continue holding onto control and making all the decisions. It will require you to trust others – who likely cannot do it as well as you can. But there is only one of you – so you can either burn out (and watch the business decline) or build others who will grow the business with you. Your mantra will be “let it go, to let it grow.”

You will move into Stage 3
(Delegation) when you reach

20
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 2 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