

GROWING A BUSINESS

By Dr. Linda Paralez

As an entrepreneur, I'm in the grown-up stage of business. I'm now paying attention to the concept of cash flow – real cash flow – not the manipulated versions that come from pretending revenue will come from a submitted or even accepted proposal. I don't even fully trust the cash flow projections I make on revenue planned from a yet unfulfilled contract.

Yes, I'm in the grown-up stage. I count my chickens when they've hatched, and I'm sure they're going to live long enough to process through the bank.

As a grown-up entrepreneur, I am far more serious about whom I hire, and what I expect. I am not easily intimidated by their expectations of whom I should be where their needs are concerned. After all, I am the one bringing in the business in my firm. It's been my enlightenment that I need to hire people who are really well grounded, and very self-sufficient. If I need to carry them emotionally, I will soon exhaust all my resources. My clients demand a considerable amount of emotional support from all of us – so if my employees are requiring me to support them in extraordinary ways – they need different employment.

In addition, as a grown-up entrepreneur, I have come to rely on – beyond accept – the fundamental truth that I cannot do well all things. Therefore, deciding what I will do well, and what I will assign to others, has been a painful, but liberating experience. What I have assigned to the CPA we hire is payroll, quarterly audits, and annual tax work. I choose to trust their work and trust that what we pay and what we save is within the realm of reasonable and fully legal.

I also outsource all our information technology work, beyond the day-to-day problem solving. It is not our core business, and not our core expertise. However, we are often called on to be well versed. So, to fill that role, we trust in others that are daily working that field.

Finally, being grown-up, I'm constantly looking at the business – this means the climate, the market, the plan, the financials, my assumptions, my network, the cash flow, my partners, the clients, the past performance, the forecast of future work, the savings, my capital funding limits, the current projects, our capacity for growth, what we're investing in terms of learning --- it never ends. I'm grown up now.

When I started as an entrepreneur, it was much easier --- I was in the "start-up mode." I was invincible. I had extraordinary confidence because I was bringing to the market a solution that was sorely needed. It really didn't matter – to me, and shouldn't to anyone else – that I hadn't worked out why this idea and solution hadn't been broadly applied before me. As far as I was concerned, I had THE compelling reason for anyone I talked with to engage with me to fix all their problems. I was, in short, prepared to

bring the “tough talk” to corporate America. I would tell them what they were missing, why they were missing “IT,” and what I would do about it. All they needed to do was hire me, sit back and watch the magic happen.

Of course, that didn’t last long. Soon that morphed into something more humble. Something more along the lines of perhaps I had a message of importance that could be presented in concert with their vision of change. (Sound familiar?)

Concurrently, I learned that revenue is different from potential work. That cash in the bank is far more important than potential contracts to the banker when it comes to a cash flow loan. I also learned that very painful lesson that a contract, even actual projects, does not always mean cash in the bank. Clients can, and do, change their minds. Often, based on your performance.

I was now in the “throw up” phase of entrepreneurship.

This is the phase, after the start-up phase, that is the most painful. It’s the phase where many businesses die. It’s the phase where the banks desert you. It’s the phase where family walks away. It’s the phase where you’re most likely to alienate clients, to create the reputation that takes forever to live down, or live beyond. It’s the “death defying” phase. If you confront and get through this phase, you’ll get to the “grown-up” phase.

In the “grown-up” phase, you’ll look back, assess your own arrogance, urgency, impatience, and lack of discipline, and make resolutions. Those resolutions will be meaningful for awhile. For some they will be life-changing events. For others, they will be momentary and soon forgotten.

The business owner that learns from the throw-up phase the best, and becomes the most successful “grown-up” is likely to become the most enduring business. Those that don’t learn, are, of course, destined to repeat history.