

The Grid

Learning how to run a business can be harder than running one. That's why many entrepreneurs just get their hands dirty and go at it. With a good product and the ability to sell, they do fine for a while.

But usually between 15 and 50 employees they hit the wall. Growth stagnates, frustration sets in and it becomes harder and harder to find good people. You spend all your time on stupid stuff.

It doesn't have to be that way. It's not, as they say, rocket surgery.

The grid evolved out of my frustration learning how to run a business 25 years ago and my frustration 15 years later trying to teach what I'd learned when I began coaching other entrepreneurs. I was frustrated because most of the material available to help entrepreneurs is either **fluff** designed to promote the consulting work of a celebrity or organized by task in such a way that **it takes too long to figure out** how to use it in your business.

The grid gives you a model to understand what it takes to run a business of any size because it's organized by results not tasks. Every piece of info on running a company that I've ever looked at (and I've looked at a lot) fits in here somewhere. As your business grows and changes you'll cycle through the grid again and again each time focusing on just what you need at that point.

The Grid Level 1

Every successful business – from global WalMart to a consultant working out of a spare bedroom – needs to get results in each of these four areas.

Owner Results Area

What do you want from running your company at this time in your life? I've identified over 20 categories of things business owners want. Only a few have to do with money.

The systems in this area determine what the business should look like to give you what you want.

If your business were a ship – this would be the destination. Funny, if you were building a ship, you'd probably determine the destination first so you don't end up trying to cross the ocean in a canoe. But this is usually the last area that business owners focus on.

Customer Results Area

Customers give your company permission to survive. They are the engine that give your ship of business it's power. What do they want and how to you give them what they want?

This is usually the first result area that business owners focus on. It drives all the others.

Company Results Area

Systems in this result area form the hull of your ship and keep it afloat. It's the business of running a business.

I call this the "bread maker" focus because when I put stuff into my bread maker and set the clock, it performs its magic and out pops bread. I don't care about the timers and gears and heating elements. Only the bread.

Likewise a customer doesn't care about your internal operations but you had better.

Future Results Area

Change happens. Faster than many of us would like. To survive you have to be looking toward the future, but most entrepreneurs don't have time to be strategic. That's usually because they're doing everything else without the efficiency of systems.

These systems make up the navigational system of your ship. How do you get from here to there without hitting the rocks?

Having good people is not enough. A company stagnates and growth is frustrated when it gets these results based only on having good people. A growing company needs systems to produce results. This allows both the company and the people to grow.

The systems used to produce these results vary widely in complexity and resources involved depending on the business, the industry you're in and your individual goals and desires.

The next page shows a greater level of detail in these four areas.

The Grid Level 2

Within each result area, there are different sub-groups. In larger companies these tend to be different departments or divisions based on the skills required to produce results. Dividing control and responsibility by skill set is **not always a smart move** for a smaller

company, especially when each person may need to wear many hats. I think the grid is useful because it focuses on result areas not skills.

Owner Results Area

Systems in this area translate your personal and legacy goals into company goals.

They include the areas below:

Desires Money, Time, Challenge, Status, Freedom and the other things you want from running your company.

Support from the board and advisors

Partners should align around sharing the work, the benefits and the equity.

Customer Results Area

There are two parts to this area.

Traditionally, they've been handled by two groups that often don't talk well with each other: Manufacturing and Marketing. Isn't it ironic that they both are concerned with the same goal: pleasing a customer?

Producing Value for a customer. Traditionally this has been the job of Manufacturing or Production

Connecting with Customers who value what you produce. Traditionally this has been handled by Marketing and/or Sales.

Company Results Area

Systems in this area fall into four groups:

Management how you deal with people

Money - How you track it and allocate it

Messages - How you manage information

Miscellaneous - other nuts and bolts that keep the holes plugged

Future Results Area

The strategic systems fall into three groups. Most important is a system to find time to be strategic in a useful way.

External Environment Adapting to changes

Internal Environment Restructuring for growth

The Bridge Product mix and pricing

Systems list. On the next page are all the individual systems I've identified (as of June 2006) that a company might use to produce the results it needs. The reason the grid works, is that every company of every size needs results in each of the four areas. But the level of detail and the systems they need to get those results varies from company to company and over time as the company grows. That's what I mean when I say **it takes art and science to build a business.**

The Grid Level 3

This is a cyclical process. I start by looking at which systems are in crisis in your company, which ones are doing fine, which ones you don't need at all, and which need some improvement. Then we can determine **exactly what level of detail is required**.

As your company grows and changes, you'll need to cycle back through each area again and again because a company of a different size has different needs.

Owner Results Area

1. Knowing what you want
2. Partnership Agreements
3. Estate Plan
4. Board Agreements & Support
5. Personal Skills Analysis

Customer Results Area

6. Product
7. Procurement/Purchasing
8. Product Fabrication
9. Product Delivery

10. Marketing
11. Advertising
12. Sales
13. RBP
14. Distribution
15. Client Management

Company Results Area

16. Going Mobile
17. HR
18. Training & Development
19. Management
20. Monitoring

21. Bookkeeping
22. Cash Flow
23. Financial Analysis

24. Decision Making
25. Computers & Technology
26. Policy & Procedures

27. Legal
28. Intellectual Property
29. Compliance & Regulatory
30. Facilities, space & Locations
31. Administrative Support
32. Outsourcing

Future Results Area

33. Market Changes
34. Competitions
35. Technology Trends
36. Global Environment
37. Specific Environment
38. Legal & Regulatory Changes

39. People Pipeline
40. Exit strategy
41. Entrance Strategy
42. Growth & Systems
43. Support Team
44. Leverage
45. Expansion

46. Positioning
47. Additions & Deletions
48. Pricing