Forget Today: Start at the End

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Soon after entrepreneurs and business owners start businesses, we become trapped in the day-to-day, week-to-week, and month-to-month struggles and goals of generating more sales and profits, improving employee performance, and trying to reduce our hours and stress.

At some point, virtually all of us become 100% focused on these short-term goals and lose sight of our long-term visions. As a result, we begin to wander, and never achieve our initial vision. How can we find success given the daily struggles of building a company?

Forget Today; Start at the End

“IF YOU DON’T KNOW WHERE YOU’RE GOING, YOU PROBABLY WON’T GET THERE.” — YOGI BERRA

This quote from Yogi Berra is so simple, yet so true. If you don’t know where you want to go, how could you possibly get there? It’s like going on a trip to a new location without a map or GPS system.

This quote holds tremendously true with regards to one’s business.

In business, as in everything else, you need to have a clear vision of where you want to go. Then, and only then, can you create a plan to follow to get you there. The key is to “start at the end.” Figure out where you want to go. And then you can reverse engineer the path to get there.

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1. Create Your Two Visions

The first step in starting at the end is to determine your vision for what you'd like your business to become. But rather than create just one vision, you should have two. The first vision should be your "customer vision" or your vision from a customer perspective. Why? Because great companies are those that fulfill the needs of their customers.

Your "customer vision" should explain what you are trying to do for your customers. Is your customer vision to "serve the best Italian food in town?" Or is your customer vision to "give every senior the essential tools to maintain their brain health in order to get the most out of life and prevent the threat of memory loss?" The latter is the customer vision of Dakim, a client of mine. You can bet that such an inspiring and focused vision allows Dakim to work more productively than companies without one.

The second vision is your "business vision" which details what your organization is trying to achieve financially. Because no matter how noble or inspiring your customer vision is, if you go bankrupt along the way, you'll never achieve it. Your business vision lays out the ultimate financial goal of your company. Do you hope to take it public? To sell it to another company? If so, for how much money?

Once again, without a detailed picture of where you want your business to go, your chances of building such a business are slim to none.

2. Confirm the Opportunity

Once you know where you want to go, the next step is to confirm you are going after the right opportunity. Because, even if you have a great vision, if the opportunity you are pursuing is flawed, you'll fail.

If the market in which you're competing in is shrinking, it'll be hard to grow. Likewise, if executing on your opportunity requires skills that you and/or your team don't have, it might be hard to achieve the success you desire.

As such, it's critical to assess your team and think through the best opportunities you can pursue to achieve your vision. Importantly, the old SWOT analysis (assessment of your company's Strengths, Weaknesses, Opportunities and Threats) isn't as useful as it was years ago, because today there are constant threats and disruptions.

Conduct what I call a "SO" analysis instead. Write down your company's strengths; what you're really great at. And then write down all the opportunities available to grow your company.

Next, assess these opportunities with how well they leverage your strengths, and assess them with regards to market sizes and trends. Obviously, your ideal opportunities are focused on large and growing markets.

In determining the right opportunities to pursue, don't be afraid to "pivot" or make a radical change to your business model. Famous examples of companies that pivoted include:

PayPal: Initially, Paypal allowed people using handheld devices (mainly Palm Pilots) to wirelessly transfer money to each other. The company pivoted, based on customer feedback, to become one that facilitates all types of online financial transactions.

Mattel: When it first started, Mattel produced picture frames. From the picture frame scraps, one of the company founders soon developed a side business making dollhouse furniture. Because of the success of the dollhouse furniture, Mattel changed its emphasis to toys.

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3. Set Goals & Milestones

Armed with your customer and business vision, and the understanding of the best opportunities to pursue, you and your business have the potential to achieve great results. But to achieve those results, you need to set and achieve the right goals and milestones.

To set the right goals and milestones you simply reverse engineer your visions. That is, if your vision is to, in five years, generate $20 million in revenues, what revenues do you have to generate this year? And if your vision in five years includes you having 150 trained employees, how many must you have by the end of this year?

The reverse engineering process simply requires you to figure out how much of your vision you need to accomplish this year to put you on the right trajectory to reaching your long-term goals.

Use this reverse engineering technique to determine your annual goals. And then take it two steps further. What does your organization need to accomplish this quarter in order to adequately progress towards your annual goals. And what accomplishments must you achieve this month to make the right progress on your quarterly goals. This is how you determine your organization's monthly and quarterly goals. And when your company has such laser focused goals, it's much more likely to achieve them.

Importantly, too many companies simply focus on financial metric goals, such as bringing in sales of $X this month. While financial metric goals are important, equally if not more important are setting the right business asset goals.

Business assets are the elements you build that give you future economic benefits and allow you to achieve your financial metrics. For example, to get to $X in monthly sales, you may need to create new products. These products are business assets. You may also need to hire and train a salesforce. This too is a business asset. And you may need to acquire 50 new customers. Yes, your customer base is also a business asset.

So, in figuring out your business vision, you must determine both your financial metric and business asset goals. And when you break your long-term goals into annual, quarterly and monthly goals, you will determine for each time period both the financial metric and business asset goals you need to achieve.

4. Keep Score

The only way you can possibly achieve your company's financial metric goals is to keep score. Most companies keep score on the big financial metrics such as monthly sales.

But the vast majority of firms fail to keep score on the underlying metrics. And these are equally if not more important.

For example, if sales went up last month, was it because you got more leads? More proposals? Closed a greater percentage of proposals than average? Lowered your average price point?

Without knowing and managing these underlying financial metrics, you have no way of methodically and systematically growing your business. The solution is to identify all of the metrics which affect your business's results. And then organize them into what we call a financial dashboard.

Your financial dashboard will give you a quick yet comprehensive view into your organization. "You will be able to set specific goals (e.g., you must do 10 proposals this month) that can virtually assure that you reach your bigger financial metric goals. And if and when things go wrong, you'll understand why and be able to fix them much faster than you otherwise would have been able.

5. Systematize Your Business

The ideal business is one that runs without you. In such a case, you can focus your time on growing the business, rather than being an integral part of its day-to-day operations. Achieving this not only dramatically increases the value of your business, but significantly reduces your stress and allows you to take more time off.

The key to building a business that runs without you is to build one of the most valuable business assets of all: systems.

Interestingly, the word “systems” tends to perplex most business owners. They see systems as complex technological feats that cost tons of money to build. Rather, systems are merely established ways of doing things. For example, if you have a one-page document detailing how incoming phone calls should be answered, that’s a system. And while this isn’t a very complex system, having it will allow you to perform at a much higher level than your competitors.

The systems allow for precision and consistency in that your employees will know exactly how to perform tasks. With most systems you will also save time and money. Systems make your business scalable as they allow you to hire and train employees more efficiently. And perhaps most importantly, systems allow you to focus your time on building the business. So while the president of your competitor's company is dealing with the inbound phone call that got screwed up, you're focusing on doubling the size of your company.

In creating systems, you use process maps, standard operating procedures, and policies and guidelines. Process maps are flowcharts that start with the beginning of the process, end with the ideal outcome, and then determine every step to be completed in between to reach that ideal outcome.

Standard operating procedures (SOPs) are written instructions that document a routine or repetitive activity that your employees must follow. And finally, for outliers and processes that are not frequently performed, your company should have stated policies and guidelines. For example, if a client e-mails a question, what is the required turnaround time on a response? What salutation should your employees use when responding?

What should you systematize in your business? Systematize any process that occurs in your business, that is performed frequently, an, that if completed in a predictable, consistent manner, would increase the value and profits of your business.

6. Put It All Together

The "start with the end" principle can and should be applied to every aspect of your business. It goes beyond just determining your long-term customer vision and business vision, because it requires you to figure out the details. For example, you need to envision what your organizational chart will look like when you've reached your vision. How many people you will employ? In what functions? On and on...

Once you apply this framework to each aspect of your business, you need to document your vision into a strategic plan. This plan will serve as your road map for achieving your goals.

Get it all in words. Documenting your strategic plan on paper is critical because it eliminates confusion over what needs to be done, and gets everyone on your team on the same page regarding what will be accomplished, why, and at what time.

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While the plan will document your long-term goals, its focus will be on what needs to be accomplished over the next year. It will include the following ten sections:

1. **Executive Summary:** This first section of your strategic plan should summarize the key points of each of the other sections in about one to three pages.

2. **Company Vision Statements:** In this section you will enter your customer- and business-focused visions, including your desired end-game, the financial metrics you want to achieve, and business assets you plan to build by the time you exit your business.

3. **Opportunities to Pursue:** This section of your plan will document the opportunities you have chosen to pursue. It's not only important to write down what opportunities your company is planning to go after, but to answer why as well.

4. **Goals and Milestones:** In this section of your plan, you will document your exit or five-year, one-year, quarterly, and monthly financial metric and business asset goals.

5. **Financial Metrics and KPIs:** This section will document the KPIs you will track in your business, such as sales, number of new customers, customer satisfaction, and customer conversion rates.

6. **Business Assets:** In this section you will document the business assets you need to develop in the coming year, and more importantly, the individual projects you must complete to build them.

7. **Systematization Plan:** Your systematization plan should detail the new systems you have prioritized for creation, including each system's name and goal, as well as who will lead the development of building it.

8. **Marketing Plan:** This section of your strategic plan will detail your marketing plan, including your strategies to improve lead generation, conversion rates, average purchase amounts, and lifetime customer value.

9. **Human Resources Plan:** The human resources section of your strategic plan documents the people you have and those you need to hire in order to reach your vision.

10. **Financial Projections:** This section includes your strategic plan's financial implications. Break out these financial projections by month so you can judge your actual performance based on the plan.

What It All Means

The right strategic plan can transform your business. It can boost your sales and profits, and allow you to achieve the goals you had when you first launched or purchased your business.

However, your strategic plan can only do this if you complete it properly. Most importantly, you must start with the end. You must dream big about what you'd like your business to achieve. Once you have that crystal-clear vision, you can begin planning and reverse engineering it.

Remember to develop and document your vision from a customer perspective—what you are trying to do for your customers. Then document your vision from a business perspective—what you are trying to achieve financially.

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Once you develop your long-term vision, you must reverse engineer it by determining your annual, quarterly, and monthly goals. Although your plans can and will change over time, each of these periodic goals will move your company closer to its ultimate end goal.

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To successfully grow your business, you will need a scorecard. Your scorecard, or financial dashboard, must include the KPIs that underlie your success. For example, tracking both the number of proposals you give and your proposal conversion rates are critical to improving your sales results.

Although hitting your periodic financial goals is important, building the right business assets is even more so. The right business assets, such as a new product you developed, can reap your company years of financial success.

If your business can't operate without you, it's not a business—it's a job, and possibly a miserable one. To solve this, systematize your business. When you do, your business will start to work for you, not the other way around. Your time will be freed to build the business to the next level. This will also cause the value of your systematized business, whether you want to eventually sell it or continue to run it yourself, to skyrocket.

By doing this, you will have a strategic plan to follow that allows you to achieve your goals for the next year and moves you much closer to your ultimate business vision.

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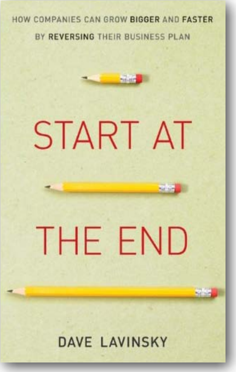

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ABOUT THE AUTHOR | Dave Lavinsky is a serial entrepreneur and internationally renowned expert in developing business plans that help companies achieve rapid growth. In 1999, Dave cofounded Growthink, Inc., a consulting and publishing firm, and currently serves as the company's president. Over the past decade, Growthink has written business plans for more than 2,500 clients. Growthink has also helped more than 500,000 entrepreneurs and business owners to start, grow, or exit their companies via advice on business planning, capital raising, and growth strategies.

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