

INTRODUCTION TO STAGES



UNDERSTANDING THE
REAL BUSINESS CYCLE



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THE STAGES TOOLKIT

Running a business can be an emotional journey. Solid commercial business support is important, but financial reports can never tell the whole story of the business owner experience.

At times you will feel elated, at other times, frustrated or disillusioned. While these feelings go up and down, they can be controlled because every business grows along the same emotional journey.

The feelings that you as a business leader experience are quite normal, and importantly everyone who undertakes any venture will follow a similar emotional path. The only factor that differs is the speed at which we go forward along this path.

And since the decisions we make and the outcomes that result from those decisions are strongly influenced by how we feel, understanding our feelings and those of others and the effects they have on our business is a vital part of running a successful business.

The Stages framework is a tool that helps us to do this.

About Culture

This document will help you plot where you and your business are on the business life cycle represented by the Stages framework. Gain an understanding of how you, your management team and employees are feeling about the business.

This is a feelings process so take time to tap into your energy as you relive your journey from Day 1 to where you are now.



BEFORE YOU BEGIN

This eGuide will help you start using the Stages framework in your business. It will help you understand where you, your business, your colleagues and employees are on their business and career lifecycle.

Your knowledge of their location on Stages will inform you about the impact feelings are having in your business and the effects they have on behaviour, communication, decision making and ultimately the ability of your business to thrive and grow.

Knowing this information allows you to develop the appropriate strategy to make your journey through to advanced growth as smooth as possible.

Benefits of using Stages

When you plan and invest in a framework for your business, you need to be able to identify the commercial and cultural outcomes that will be created.

Commercial outcomes are the 'hard' side of business, results that can be quantified by numbers, facts, and figures.

Cultural outcomes are based on the 'soft' side of the business, and include intangible benefits such as feelings, emotions, and behaviours.

Terminology

To help you get the most from this guide we have to introduce some terms that you may not be familiar with or whose meaning may not be totally clear to you.

We've defined some of these up front:

Framework: A business tool that helps you make better decisions and manage your business for improved outcomes

Stages: The consistent, trackable lifecycle that all businesses and business owners go through, measured by feelings

Context: The purpose behind a decision, or filter for making a decision. For example, the context of Stages is feelings, using awareness of feelings and their impact on business to make better decisions

Payback: A Stage in the business lifecycle when the original business vision is realised, notable for its euphoric feeling

Advanced Growth: A Stage in the business lifecycle when the business has achieved sustainability, notable for its proud feeling

5 LEVELS

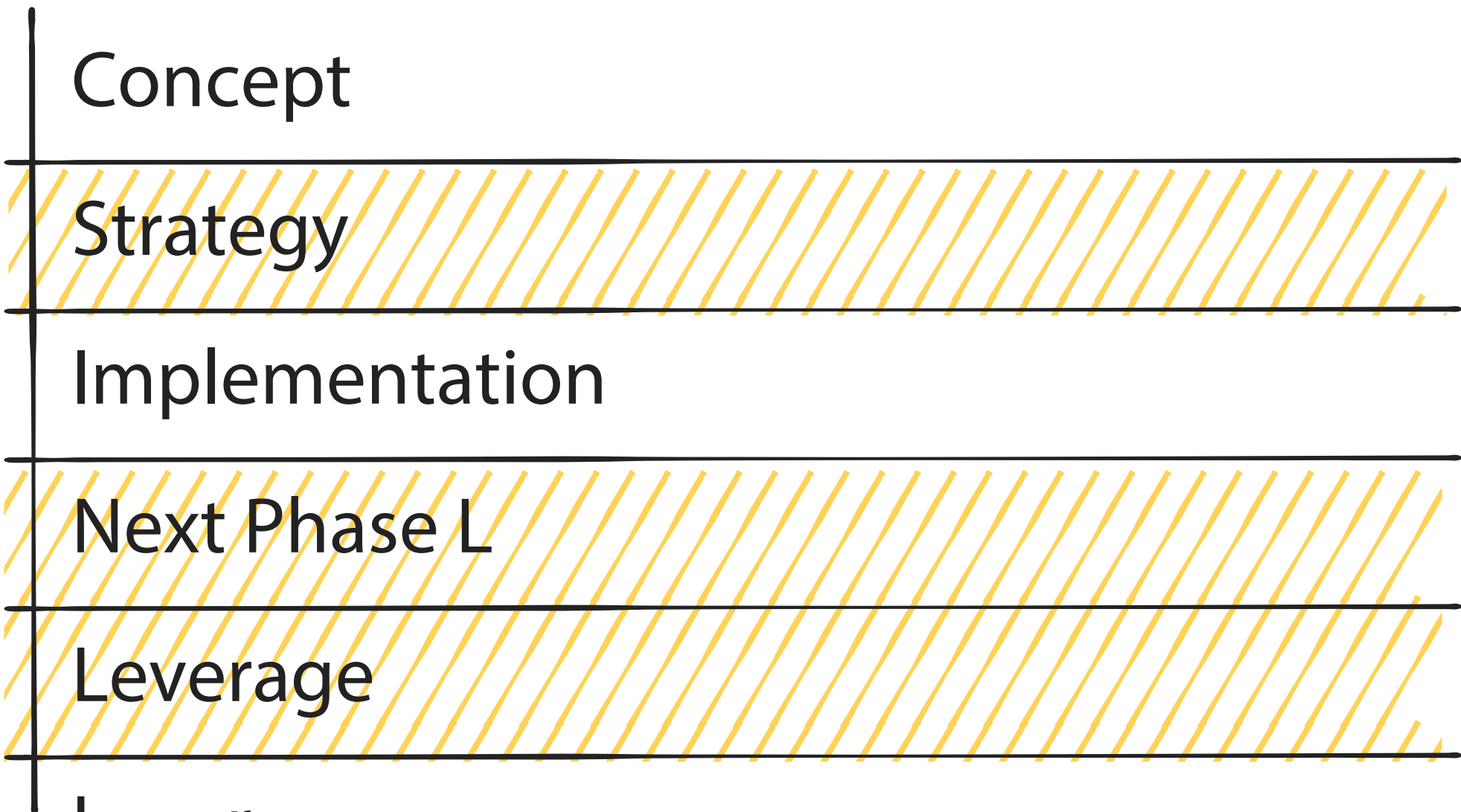
Our philosophy is that it is always better to have a basic understanding of a topic first, learning from the experience of others rather than your own trial and error.

We measure understanding at 5 levels:

Concept	You understand the basic principles
Strategy	You have a documented plan of how you will address this area in your business
Implementation	You have a documented strategy and have started applying what you have learned
Next Phase L	You have planning and mentoring capability in this area to transfer knowledge for the future
Leverage	The framework is seamlessly incorporated, allowing you to leverage this skill across your business and your life

In our experience, businesses of all sizes find themselves stuck at the Strategy level, and then (later on) moving skills into levels 4 and 5.

This creates an unsustainable habit of moving from Concept to unplanned Implementation and missed opportunities.



STAGES TARGETS

Benefits of using Stages

The Stages framework is used:

- As a diagnostic tool for businesses to help them identify strategic priorities. Knowing where you are and where you are going gives clarity to what you need to focus on to get there
- As a communication and decision-making framework. Individuals at different stages can respond to circumstances differently, and understanding Stages helps manage all the individuals in your team

Specific concerns: Stages targets

The Stages framework is most valuable when a business is experiencing:

Commercial (-)	Cultural (-)
<ul style="list-style-type: none">● Uncertainty about where to best invest for maximum returns● Accelerated growth in terms of revenue or staff numbers● Long periods without a clear strategic direction● A key member of the management team is leaving or changing role	<ul style="list-style-type: none">● Prolonged periods of franticness, frustration, stress or disillusionment● Troubled communication● Unclear decision-making, which affects motivation among the team

STAGES TARGETS

Some examples of commercial and cultural outcomes from implementing the Stages framework in a business may include:

Commercial (+)	Cultural (+)
<ul style="list-style-type: none">• A better informed strategy• Increased productivity from all team members• Improved efficiency and profitability• A management training and development plan• Structured succession for owners and key team members	<ul style="list-style-type: none">• Longer periods of relaxed 'good times'• Increased motivation and job satisfaction• Improved communications throughout the business

WHAT IS STAGES?

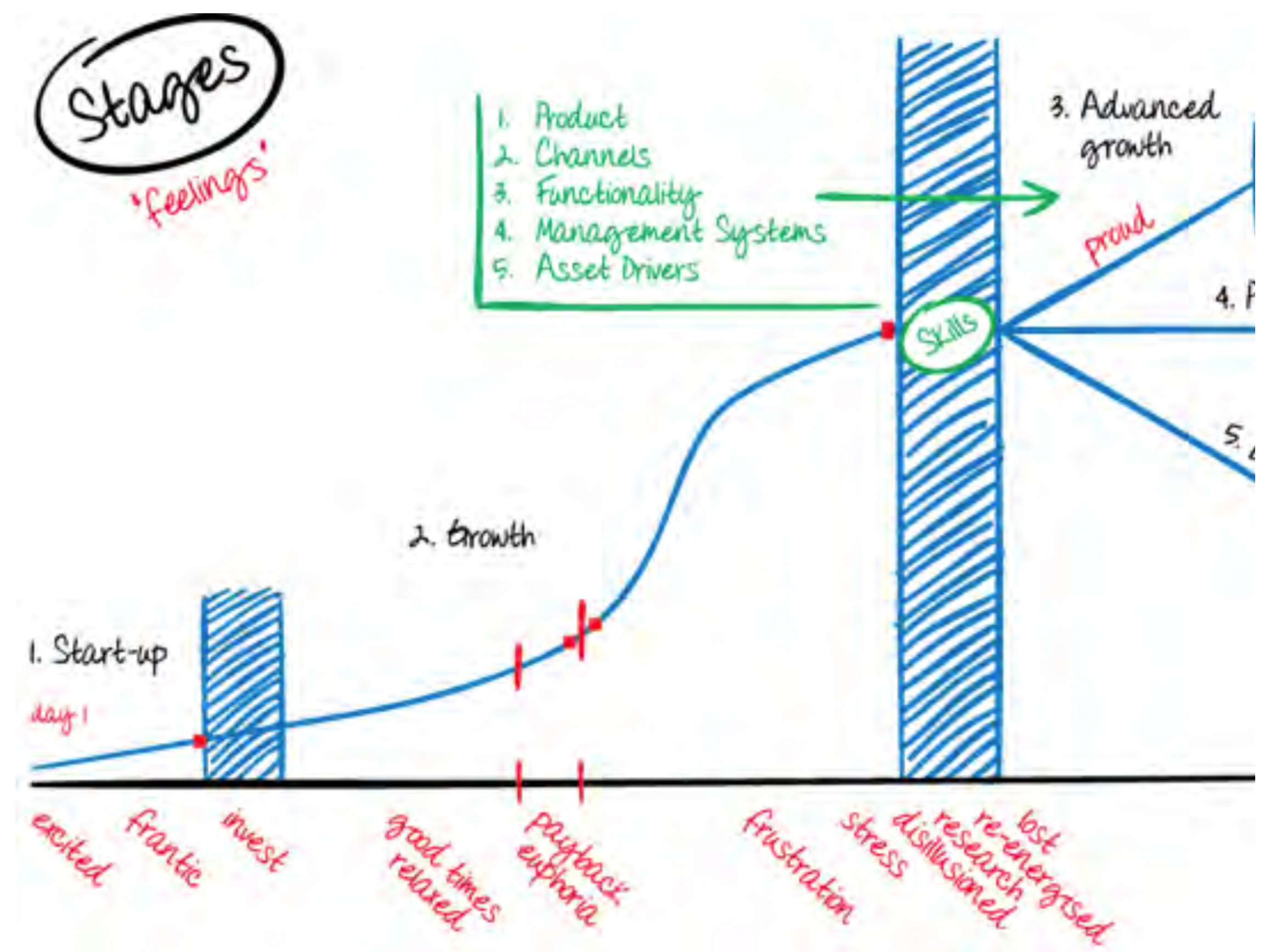
The Stages framework illustrates the journey of a business through its lifecycle. It's not based on revenue, profit or employee numbers, but rather the feelings that the business experiences.

All businesses, from solopreneurs to corporate boards, are run by people, and people are impacted by their feelings. Especially in small business, the feelings of the owner have an impact on daily communication and decision-making.

This framework is:

- Not based on a timescale, each business travels at its own pace
- A feelings model which cannot be measured and will vary for each person
- An accurate description of the typical SME lifecycle
- Applicable to individuals within the business who can be at different points on the journey

What the Stages framework looks like



THE STAGES FRAMEWORK

a step by step guide

It is useful to track and apply the framework to your personal business journey. This will make the discussion more relevant and more rapidly support you to apply any key lessons.

You may not have experienced every stage in your current business, but you may have experienced or observed them in previous businesses you have worked in.

This framework applies to any business, starting when the current owners began. If you are an employee, then relate the experience to your career within your current business.

1. Start-Up

On the left of the framework drawing is Day 1. H

Feeling: Excited, this will have been the source of your energy for getting the business off the ground.

After the excitement you may be a little bit scared or apprehensive.

Feeling: Frantic, providing the energy to dash around doing the many things that need to be done all at once to start a new business venture.

After a while it becomes evident that the business has the potential to succeed.

Feeling: Confident, you have moved into the 1st Brick Wall.

Brick Walls are transition states in a business. The 1st Brick Wall is the transition between Start-up and Growth, a transition that requires Investment.

Typically Investment is in an office, an employee, a piece of machinery or an investment in training or time. For larger businesses, this may be expanding into another city or establishing franchise systems.

With no Investment the business will plateau or decline. Almost all Start-ups that close in their early stages do so in this 1st Brick Wall. Not making the right investments means a business will eventually run out of money or energy.

Post Investment there can be an initial period of anxiety until you realise that the investment is going to pay off.

THE STAGES FRAMEWORK

a step by step guide

2. Growth

Your business will begin to receive a return on having made those investments. The 1st Brick Wall investments typically create a period of steady incremental growth.

The frantic feeling has gone, and the business becomes consistently profitable.

Feeling: Good Times, Relaxed. You aren't overstretched but are making a reasonable living and enjoying the experience.

Businesses stay in Good Times by continuing to reinvest in business growth, creating momentum and further growth in the business.

While that ongoing reinvestment can be managed and forward-planned, eventually, energetically, you will want to reap the rewards of your hard work.

The business will have achieved its initial vision. You will have achieved the outcome you sought back on Day 1.

You go through Payback. Exactly what it looks like differs depending on your initial vision. Most business owners experience commercial payback – new cars, a bigger house. Sometimes it can be a cultural reward – industry recognition, a long family holiday.

Feeling: Euphoria

If you have reached this stage or beyond – congratulations!

Unfortunately the euphoria of Payback doesn't last. You may be temporarily distracted (moving into that new house or touring France) but the business has built its own growth momentum, and Payback can trigger a further period of accelerated growth.

THE STAGES FRAMEWORK

a step by step guide

You are now responsible for a big business and the skills and experience that you used to start up and grow the business need to grow as well.

Feeling: Frustration. You no longer understand and control every aspect of the business and your technical expertise was critically important. If those skills and the strategic priorities that become important are not addressed, the frustration will grow into Stress.

And if the stress continues, you and the business will accelerate into the 2nd Brick Wall.

While the 1st Brick Wall is a confident feeling, the 2nd Brick Wall is more difficult. Only successful businesses make it this far, but by this stage the business doesn't feel successful.

The stress has taken its toll and you feel exhausted. Good times are now "the good old days", and you can't go back in time!

The 2nd Brick Wall is a feeling of Disillusion – despite the growth and success, many business owners give up at this stage, close their doors or sell the business for a bargain price. They may know that they are throwing away years of work and a successful business, but they don't know how to get out of the 2nd Brick Wall.

For those that do persevere, or prioritise and reinvest accordingly, the business owners enter a phase of Research in an attempt to move the business forward. Many ideas are tried, the owner becomes Re-Energised, and eventually exits the 2nd brick Wall in one of three ways.

THE STAGES FRAMEWORK

a step by step guide

3. Advanced Growth

Businesses that are in Advanced Growth will have achieved all five of the Advanced Growth Pillars:

- Product
- Channels
- Strategic Resources
- Management Systems
- Asset Drivers

They have built a business that will now survive and thrive beyond their direct involvement – which makes the owners and employees Proud.

There are twenty different areas of your business you can address; these five pillars are a great starting point for choosing strategy at any stage.

4. Plateau

Sometimes a business will stagnate to the point where Advanced Growth is no longer possible, stabilising in a plateau before eventually declining.

This route is also a common choice among owners, especially professional partnerships, who are nearing retirement. Costs are reduced, only the best clients are retained, the business coasts along towards retirement. It will eventually run out of energy and decline, by which time the business has limited or no value.

5. Decline

Businesses that don't properly restructure and invest during the 2nd Brick Wall, but persevere, will decline. Key clients, suppliers, and staff will leave, and the business will eventually close.

Again, this can be a legitimate choice for some businesses. Investment for the future is stopped, and the various business assets are split up and sold.

STAGES DIAGNOSTIC EXERCISE

Start with you...

Do you recognise where you are on the Stages framework?

Then look at those around you...

Can you see where each of your senior team, employees or colleagues are positioned?

Are they roughly in a similar position, or totally different?

If they're different then what impact do you think this is that having on internal communication?

Now assess your business...

Can you identify where your business appears on the Stages framework?

What about each of your organisation's departments or teams?

Are they in a similar position? If not then can you see how this may make effective working practices difficult?

WHAT NEXT?

Having identified your current position and its relevance to your strategy, are you ready to unlock the rest of the tools, documents and videos in the Stages toolkit?

Together we can help you to turn that new knowledge into sustainable and profitable business outcomes. Outcomes that feel great!

For more information on the Stages framework contact Michael Osborne at Business First Associates.



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