

Four Phases of Small Business Development

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Successful small businesses move through four distinct phases of development: from initial idea to actual start-up, from start-up to ultimate maturity. In keeping with the metaphor of our company, Summit Small Business, we identify these phases as living in the village, getting to base camp, climbing the mountain, and reaching the summit.

Imagine you're living in the village working for a proprietor. On one particularly boring day you're staring out the window near your cubicle and gaze at the top of the mountain that rises from the foothills of the city. It's towering and majestic and awe-inspiring. And suddenly you think, "I shouldn't be wasting my life working in this cubicle. I should be at the peak of that mountain on top of the world, because _____ (Fill-in the blank with the great idea you have or the special skills you possess)."

Although a lot of details are left to be determined, in that moment a business has begun. This is the first phase of small business development, **The Idea Phase**.

Months, or perhaps years, later you leave the village and the stifling cubicle you've slaved in. You gather your family, and maybe a few friends who believe in you, and hike to the foot of the mountain. It took all the money you had (and then some) to fund the trip, but you arrive at base camp safe and sound. You just completed the second phase of small business development, **The Start-up Phase**.

When you get to base camp you discover, to your surprise, that a lot of people have tried to get to base camp and ended up going back to the village. Four out of five to be exact. But you're not one of those people. Neither are you satisfied with just hiking to the foot of the mountain. You're going to reach the summit. So you begin to climb and enter the third phase of small business development, **The Growth Phase**.

What you don't know about this phase is: the issues of survival that had to be overcome in starting your business pale in comparison to the issues that await you on your climb to the top. Here's what makes the The Growth Phase so dangerous:

1. The Growth Phase demands specialized skills.

If you know how to walk, you know how to hike. It might be harder, but the basic skills are the same. Climbing, however, is not hiking. It involves some hiking, but much, much more.

Sustained business growth is the same. It involves some of the things you needed when you started your business, but much, much more. You must have an understanding of long-term strategic planning and the essentials of day-to-day execution. You must know your gross profit margin on the products or services you sell and you must meticulously manage your cash. You must have utterly reliable systems in place for marketing, sales, hiring, and compensation. Without mastering these skills, and others like them, you will never reach the summit, and may even lose your footing entirely.

2. The Growth Phase can't be done alone.

It may go without saying, but it must be said. No one climbs a mountain on their own. Or if they do, they don't do it for very long. You may have gotten this far by carrying your business on your shoulders, but it's too big now, and, if you keep trying, it'll break your back.

The problem is few business owners know how to multiply themselves in others and cap the growth of their company to the limits of their personal capacity. While that capacity may be many times larger than the average human being's, it's still limited and will limit the growth of the business as well. The most critical skill, then, for this phase of business development is leadership. The ability to be a leader that people trust and respect and to assemble a group of leaders that are trusted and respected by the entire organization. In others words, getting things done through others instead of doing everything yourself.

3. Mistakes are costly in The Growth Phase.

If you don't make it to base camp, the start-up phase, you can go back to the village. Perhaps a bit poorer and a little embarrassed, but alive and in one piece. A slip on the edge of a cliff as you're climbing the mountain can be devastating. The risks associated with the growth phase are grave. When a growth company fails, not just the owner loses a job, but many other people, including family and friends. When legal or financial crises strike, the fallout can life-long impact. Mountainous terrain is treacherous, claiming another four out of five businesses (That's a total small business mortality rate of 96%).

The costs of the climb can be deeply personal as well. Many business owners have lost their marriage and ruined relationships with family members and friends. Still more have struggled with issues related to physical health and destroyed their emotional well-being.

Here is the saddest part of this scenario: every one of these Growth Phase mistakes are preventable. How? Even the most experienced mountain climbers use a guide for their ascent from base camp to the summit. If you were on an expedition to the top of Mt. Everest, you would hire a Sherpa for your trip. Sherpas are experts in the terrain of the Himalayas and skilled at averting the dangers present there.

The Growth Phase is the focus of our work. We are experts at the journey from base camp to the summit, from start-up to maturity, and skilled at helping people climb that treacherous terrain. But we aren't the only ones doing this work, there are lots of skilled coaches, consultants, and small business experts available to help. Find the Sherpa that's right for you, even if it's another business owner who's further up the mountain. Don't climb alone!

Once a business has mastered the skills of climbing the mountain, it reaches the summit: **The Maturity Phase** of small business development. This phase is not measured by amount of employees, volume of revenue, or years of existence, a common misconception. Small business maturity is measured by its degree of dependence on the primary leader. In other words, systems and processes are in place so that the business runs itself and has become a self-sustaining enterprise.

Another way of looking at this phase is through the lens of human development. Using this imagery, The Idea Phase of small business development is birth and The Start-up Phase childhood. The Growth Phase is adolescence and The Maturity Phase adulthood. My oldest daughter just graduated from college. She has a good job and pays all her own bills. This is what a mature business does as well, maintaining its own sustained momentum. One day my daughter may get married and have children (Yikes!). Mature businesses do this too, birthing other businesses and beginning the process of development all over again.

This is the great adventure of small business ownership!



Author, speaker, and business leader, Bill Zipp is the President of Summit Small Business, a consulting firm that specializes in helping independent business owners master the skills essential for the growth phase of their development. Bill has earned professional designations from The Ken Blanchard Companies, Gazelles International, and FranklinCovey.