

Does Your Venture Need a Tune-Up?

by Mark Kotzer

Do you treat your car better than your business? Are you surprised to find out that many entrepreneurs do a better job of scheduling regular maintenance for their car than for their business? Take a look at your business and your car. Which gets more TLC? Which works better?

Surprised? You shouldn't be. It is very easy to schedule routine vehicle maintenance and tune-ups, but a comparable service does not exist for businesses. This is unfortunate because most companies, particularly start-ups, need periodic tune-ups for their business to survive and thrive.

The one certainty that all entrepreneurs will face is that their business will not, for better or worse, grow according to plan. It is inevitable that they will face at least a few of these and other unexpected scenarios:

- Product development takes longer and costs more than expected
- Sales do not meet expectations
- Customer feedback is not positive
- Strategic partners fail to deliver as agreed
- New competition has entered the marketplace
- The company is not staffed appropriately to meet goals
- Production is unable to keep up with demand
- Fundraising is more difficult than expected

It is critical for entrepreneurs to assess how and why deviations from plan occur. These performance gaps may reflect growing pains or, much worse, signal fundamental problems with the company's business model and marketplace assumptions. Rather than do the due diligence, many entrepreneurs merely tweak timelines and adjust financial projections with the hope that these problems will correct themselves in time. Unfortunately this can be a very costly, and even fatal, strategy.

Performing a venture tune-up is an ideal solution to this problem. Annual or semi-annual tune-ups force an entrepreneur to set aside time to evaluate their company's progress and to proactively address possible obstacles to its ability to grow. Here are some useful tune-up strategies that will help your company stay on its growth path.

1. Identify Biggest Performance Gaps

Identifying and prioritizing the areas where your company failed to perform according to plan is core to the venture tune-up. All companies, regardless of size, should have an operational plan that enables them to track their progress relative to fixed milestones. A

dashboard of key performance metrics should be maintained so you can monitor progress toward achieving those milestones on a routine basis.

For example, to measure the effectiveness of your sales efforts during a given period, track the sales conversion rate. This metric is derived by dividing the number of sales by the number of prospects contacted during that period. This is an enormously powerful metric as it can reveal how successful specific sales techniques and promotions are. If these metrics are tracked by salesperson you can also track and compare the performance of the sales team and establish performance benchmarks.

2. Be Brutally Honest

The venture tune-up needs to be a realistic, hard-nosed assessment of your company's performance over the past year. Unlike a business plan, which is spun for external consumption, the explicit purpose of the tune-up is for the management team to acknowledge problem areas and identify how best to address them. While honesty may be difficult at first, this exercise can be very empowering when teams discover that the elimination of poorly performing programs can often free up considerable resources.

3. Ensure Organizational Alignment

Do your employees share a common understanding of your company's mission, vision, and strategy? Are they using the same marketing materials? Do they effectively communicate your company's value proposition? The lack of organizational alignment between employees and teams is often the source of production delays and unmet customer expectations. The venture tune-up provides an ideal time to assess whether your company requires internal training and better communication.

4. Incorporate Stakeholder Feedback

Feedback from your company's various stakeholders is a great reality check and provides a counterpoint to possible biases among your management team. For example, survey your customers and prospects to understand their perception of your company and how well it is meeting their needs. This can be done as part of the preparation for the tune-up meetings or incorporated into the action plan once performance gaps have been identified.

Online survey tools make it very efficient to create a survey, send it electronically to a list of any size, and analyze results. Make sure the customer satisfaction questions are consistent from survey to survey so performance can be benchmarked and future progress tracked. The survey effectively becomes a performance report card from your customers. In addition, the act of soliciting feedback from your customers and listening to their responses provides another opportunity to improve relationships between your company and its customers.

5. Develop Short- and Long-Term Action Plan

Once you have identified performance gaps, reviewed stakeholder feedback, and assessed organizational alignment create an action plan to fix any problems you've discovered and to keep you on track with your business plan. If you've discovered that elements of your original plan are no longer as relevant as they once were, you will need to revise your business plan and operational plan accordingly. Don't procrastinate. If you are lucky you will be able to address these problems before they have become a major drain on organizational resources and its reputation in the marketplace.

Prioritize action items to address the most critical issues first. It is important to balance long-term action items with improvements that can be easily implemented. Demonstrating quick wins and progress will provide momentum for tackling the more ambitious efforts. Scheduling quarterly follow-up meetings will ensure your company does not veer off-track.

6. Allocate Dedicated Time

You need to make the venture tune-up a priority to realize its full benefits. Schedule tune-up meetings months in advance and make management team participation mandatory. Minimize distractions from day-to-day business concerns by meeting offsite. The week between Christmas and New Year's is an ideal time for many companies because business activity tends to be slow and the exercise complements a period when many employees are already making new years resolutions and setting goals.

A venture tune-up can be a lot of work but isn't your company worth it? After all, a tune-up can mean the difference between your company breaking down, perhaps beyond repair, and it running well for many years ahead.

Mark Kotzer is President of Venture Drive Consulting, a firm that is focused on improving the success rate of new ventures and internal start-ups within established companies by providing expertise in innovation and venture development best practices. He is a former Board Member of the Northwest Entrepreneur Network. Mark may be reached at 206-427-3484 or by e-mail at Kotzer@VentureDriveConsulting.com.

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