

Growth, Profit
and Stability-
Pick any Two[©]



On Purpose
Enterprises

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Experienced business owners and managers know that 3 things are necessary to ensure the long-term success of any business: growth, profit and stability. It's common to include all of them as we develop business plans which incorporate goals and objectives. Combining them in the right mix for your business, however, is the key.

Two Out Of Three Ain't Bad

There's a catch. It will be difficult to hit your objectives unless your strategy focuses on only 2 – not 3 – at a time. Let's define these terms first, and then see how each one can impact your business objectives in different ways.

Growth Is Good – A False Mantra?

Is growth always good? The term can apply to crops and investments, or to costs and cancer cells. One is good, the other is potentially disastrous. If your plan focuses on growth, some changes must occur. Additional resources like people, cash, facilities, products and staff will be required to accommodate your growth. A business that doesn't grow is vulnerable to negative changes in the marketplace, customers, products, technology – and competitors.

So, your plan requires growth. Growth necessitates change, and change is not compatible with stability. And with increased growth, associated costs (capital, people, materials, marketing, etc.) are likely to increase at similar levels, which can eat into your profit. Growth with profit - out goes stability. Growth with stability - out goes profit.

Profit Is Easy To Define – But Hard To Keep

Profit is what's left over after expenses are deducted from revenues. A savvy business owner once defined profit for me as “the money I have left after I pay everybody else, including the government.” Any business that does not produce a profit cannot sustain itself for long. Profitable businesses are healthy, provide a return on investment to stakeholders and are able to take advantage of opportunities that arise.



So, your goal might be profit and stability. This formula requires that no big changes occur in your business; that you maximize things and create more efficiencies in your existing enterprise. Adding growth to the formula will add costs (capital, people, materials, marketing, etc.), which negatively impacts profits. Or your goal might be profit and growth, which will require change, and out goes stability.

Stability Is Boring – And Boring Can Be Good

A stable company with stable management and staff in a stable market with a stable products or services being sold to stable customers at a stable profit margin is generally perceived as positive and desirable. But business owners are often pressured into a false “grow or die” philosophy. Many companies have experienced growth, lacked the monetary or human capital to handle it, hit the wall and failed to survive their own ‘success.’ You can “grow and die.”

At the same time, stable companies can get set in their ways, missing industry trends or opportunities that are capitalized upon by their competitors. You can’t just sit there. Sometimes the light at the end of the tunnel is an oncoming train. With risks come opportunities and rewards.

So you’ve calculated the risks and your plan requires stability. This assumes that no big changes will occur. You’ll maximize things, find efficiencies in your existing enterprise, retain your key personnel, etc. You’ll need to find ways to leverage your resources, buy more market share through increased advertising or sell more to your existing customers. But to get something different, you must do something different. Doing things differently may require investment or a change in processes, personnel, customers or products and services. Each of these options affects either your profits or how your business operates. Which means that stability goes out the window.

You Must Choose – And Commit

There is no ‘perfect combination,’ just the one that’s right for your organization. By choosing any two of these 3 options and sticking with your plan, you’ll have a more focused plan that lasts. It will be far easier to make critical decisions in your business by deciding beforehand which TWO will make sense for you.

Is It Time For A Better Plan At Your Organization?

On Purpose Enterprises will help you create a strategic business plan that really works. You’ll increase sales, hire smarter, develop and keep the best people, train better leaders, create more effective teams, and gain higher levels of employee motivation and engagement. Your organization can thrive—not just survive – in these challenging and competitive times.



We can help. Contact us today to schedule a free no-risk 30 minute phone analysis and consultation.

Make the most of your most important asset: your people.

For more information, contact us:

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