

What's The Right Business Model?

Coaching Questions

What is your dream set up of your business?

The family empire

The family empire only becomes huge if a business manages their cash flow and makes it this far. Think about where you can realistically start, and come up with a future growth plan that includes future investment once some of the initial assumptions have been tested.

The local business

You are not planning on ever going too big. If you are making over \$30-\$80K a year you will be content, especially as you are doing what you love.

The sell

You want grow your business to a point where another individual or business will take it off your hands for a profit. That means that you need to structure it correctly from the beginning and it is all about growing the client base and operational pieces so that it is a smooth running machine and easy to transfer.

What business model makes sense today?

- Even though this is where you want to end up, you don't want to over extend your business by trying to reach your end goal today. You want to have steps that allow you to build a customer base, grow the business' profits for future self-funding. Wal-Mart, Apple, IBM, RIM, and almost every company reinvents itself many times to grow to its eventual enormity. Often the path that they took is not what they had originally planned. In fact, if they had stuck to the initial plan they would have missed out on opportunities or they may have invested cash in one area of the business that should have been conserved or spent in a more beneficial area.
- Often entrepreneurs who try to reach the end goal up front will end up running out of cash prior to hitting their goals. A penny saved upfront is worth more than a penny earned.

What are your plans for the future?

- Many different things could happen as you grow your business. Think about some of the trends that you have seen arise over the last 5 years, are there other options that you may have missed?
- Have other people liked your initial idea and have come up with a few other ideas you could consider? Make sure that you always have an idea book with you – you could even have a part of your smart phone where you make sure you record all of your ideas (and others). Take a look at these every once in a while and see if some of them make sense.

Are your long term plans feasible?

- Work backwards to find out if you are going to be able to reach your long term plans when you want to. For example, if you want to have 100 people working for you in 5 years, how would you know if you are on track? Maybe you would plan something like this;

Year 5 = 100 employees

Year 4 = 60 employees

Year 3 = 35 employees

Year 2 = 20 employees

Year 1 = 9 employees

Examples:

- Want to start a Wal-Mart? Now they handle all of their shipments, large warehousing network, and trucks, but they started with one store and no trucks.
- Want to start an accounting firm that is full service for individuals and business tax like H&R Block? Most accounting firms start more focused as they only have a few accountants or bookkeepers. As their numbers grow, they will have more specializations they can provide.
- Want to start Yellow Pages? You need to start with a geographical area or an industry focus, and grow.