



# Create Blueprints for Sustainable Business Growth



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## Executive Summary

How do you as a small business owner effectively create and maintain sustainable growth? That is the topic of this white paper. Historically, the body of knowledge addressing this subject typically applies textbook approaches or anecdotal experience relative to sales and marketing. However, these tactics may not actually work for a small business when there is limited money to invest in either.

The Business Value Alliance (BVA) is a strategic association of business and economic development experts who have done extensive research in the area of small business growth and sustainability and they are passionate about helping you to create and implement a customized business blueprint for growth success.

***Business Magic***  
– Your unique innovation, including product and service package concepts, and intellectual property.

BVA has gone beyond anecdotes and have captured patterns of successful business growth. These patterns are the basis for their business blueprints that foster the various stages of growth to a broad range of emerging and experienced business owners. The blueprints enable owners to adapt successful growth approaches to their unique business magic, expertise, and management style to promote sustained business growth.

By Federal standards, a business is not viable until it achieves at least \$1 million in revenue. BVA is committed to helping your business reach and exceed this goal. They are also committed to conducting the long-term segment-specific research needed to support the growth of a broad range of small businesses.

The methodology for this white paper is based on:

- Research, including results from a pilot study that focused on identifying strategies for small business growth
- Conclusions and insights drawn from working experience with major corporations and organizations, such as VISA International, XEROX, and NASA
- Current work with small business owners and their distinctive products for sustainable growth that reflect the owner's unique "business magic."

## Critical Research – The Breakthroughs for Business Project

Two years ago, BVA set out to establish clear indicators in determining why so few businesses achieve sustainable growth and succeed in earning over \$1 million per year. During the course of this discovery, Oakland's Inner City Advisors, a non-profit organization that promotes job

creation in the inner city, provided seed funding to launch the research project. This support birthed the *Breakthroughs for Business Project*, a pilot study that focused on identifying effective strategies and actions that small businesses can adopt to sustain growth and performance in attaining \$1 million and beyond in annual sales.

**Business Blueprint** – Model, prototype, or detailed plan of action to execute growth.

The pilot study population included forty-seven local business owners with annual revenues of \$50,000 up to \$10 million. The findings as a result of the study, in addition to other research focusing on how to promote small business growth, is the heart of BVA's mission, which is to create frameworks, and customized blueprints for small business growth. Overall, BVA concluded that a business must have a blueprint to execute effective strategies for growth.

### The Hard-Hitting Effects of Increased Competition & Commoditization

Why is it becoming more and more difficult for small businesses to make a profit and claim success? Corporate downsizing, globalization, and outsourcing are causing an increasing number of people to start small businesses. As based on a current report on the state of small business by Wells Fargo, more than one in four American adults are self employed or are a founder of a small business.

This number is expected to increase 30% by 2010. So this means that at least 30% more competitors will be entering the small business arena over the next few years and they will be competing for the same opportunities that current business owners are now trying to win, making it harder to secure and sustain new business, let alone make it to the \$1 million mark.

### Do Lower Prices Equate to Higher Profits?

**Commoditization** – Lack of meaningful differentiation among competitors.

Hard work and being professional is all it takes, right? Not so. If you are positioned merely as highly skilled or as a professional in your field, you run the risk of commoditization. As defined by BusinessDictionary.com, commoditization is characterized by a business' lack of meaningful differentiation among the growing number of competitors. How does commoditization happen? If your clients and perspective clients do not immediately know how your business is better than the ever-increasing number of competitors in your field,

you may be forced to lower prices to get and keep clients. In this scenario it is likely that your clients may never get to know the unique and differentiating factors that separate you from your competitors, making it more difficult for you to create and sustain growth, as well as gain profits. You run the risk of never gaining traction and fail to achieve sustainable performance and growth.

## The Business Growth Gap - Barriers to Small Business Growth

**Business Growth Gap – Chasm with few businesses earning between \$50K & \$1M in sales.**

The BVA team has performed critical research which explored the specific challenges and needs of small business owners with regard to sustaining business performance and growth. They have identified the following barriers to business growth. These barriers typically prevent owners from growing a business to exceed \$50,000 up to \$1,000,000 in sales. The chasm between \$50,000 to \$1,000,000 identifies a gap, as well as an opportunity in the economic landscape for business owners. Businesses earning under \$1,000,000 in sales face the greatest obstacles and have the fewest resources and tools to overcome these barriers.

- ***No Established Model or Template for Sustained Growth***

Currently the research indicates little agreement on a proven model or template for business growth. A customized approach that recognizes unique business segments is needed and is far more suitable than a one-size-fits-all method, because business owners react differently in response to the many factors that affect business growth. Much of the current knowledge appears to be based on anecdotes or the experience of a few highly-successful business owners. This experiential data drawn from such limited resources is not scalable and cannot be looked upon as a reliable framework.

- ***Business Owners' Inability to Articulate Needs***

BVA's research, along with ongoing client engagements has revealed various characteristics relative to small business owners and has determined that many owners have unarticulated needs and vague goals. While a vast majority of small business owners are inexperienced in the most essential aspects of running a business, they are similarly inexperienced at effectively identifying and clearly defining goals, describing problems, and determining what is needed to make their business sustainable and successful. These unresolved issues and problems present barriers to achieving sustainable business performance and growth. If you as a business owner cannot clearly set goals, it is highly likely you will experience difficulty in addressing challenges and problems.

- ***Women and Minority-Owned Businesses are Uninformed***

Although the fastest growing segments of business owners are women and minorities, only one percent of these businesses achieve sales levels above \$1 million. In 2002, the total receipts reported for women and minority-owned businesses amounted to only ten percent of the total business gross receipts. Based on deep-rooted social and cultural attitudes and behaviors with respect to math, money; and choice of industry, the research indicates that these business owners in particular, seem to be uninformed regarding the links between product development, distribution, and other elements for achieving sustained revenue growth.

### **The Historical Approach & Business Growth Gap**

While traditional approaches to achieving small business growth usually entail the use of textbook marketing strategies, such as advertising, direct mail, or telesales, they only achieve an increase in sales at best. These approaches typically focus on the practice of selling time or exchanging dollars for hours and selling established products.

In order for your business to achieve sustained growth, you must act strategically, not tactically in addressing challenges and managing resources. You must also brand yourself as a leader and authority in your industry, demonstrating expertise by way of your products. Ultimately, in order to effectively expand market share, you must cultivate your business magic into other streams of income, by developing new products, including unique service packages, and intellectual property.

### **Create and Sustain Growth or be Marginal at Best**

During the course of the pilot study, BVA compiled the profiles and characteristics of various business owners, the process entailed differentiating businesses that made annual revenues over \$1 million from those businesses with revenues under \$1 million. The following owner prototypes emerged:

<b>Business Owner Prototypes</b>	
<b>Leader (Business Value Creator)</b>	Owner has strategic vision, constantly seeks and acts on opportunities to achieve greater business growth
<b>Sustainer</b>	Owner has achieved desired business goals and has chosen to maintain niche presence
<b>Performer</b>	Owner has succeeded in sustaining operations at revenue of at least \$1 million and acts to overcome growth barriers
<b>Operator</b>	Owner has developed business operations and a revenue stream(s) but faces challenges that he or she must address to grow beyond self employment

The research indicates that Business Value Creators and Business Sustainers are owner profiles that are representative of businesses that earn over \$1 million per year. The primary characteristics that are akin to these profiles are shown. For the sake of contrast, we have also shown primary characteristics of Business Performers and Business Operators, those that earn less than \$1 million per year.

<b>Business Owners Achieving Over \$1M</b>	<b>Business Owners Achieving Under \$1M</b>
Lead ( niche, deals, industry, community)	Fail to clarify goals
Drive growth through products	Focus on functional specialty
Think in terms of big picture	Focus on transactions
Invest for long term	Fail to invest
Address challenges	Leave challenges unresolved
Manage people and resources effectively	Struggle with management issues

Based on the overall research, the Business Performers and Business Operators are more focused on achieving growth by increasing sales and not by developing additional sources of revenue, i.e. product. BVA has a Product Design Studio and a toolbox for businesses to adapt and implement as an effective means of achieving tangible and intangible business outcomes in promoting growth and bridging the Business Growth Gap.

### **Product Design Studio - Ten Keys to Creating & Sustaining Growth**

BVA's Product Design Studio helps owners to discover their business magic and develop it into products they can sell to their markets. Here are ten benefits that businesses achieve when enrolling in the Product Design Studio:

- Learn to refine behaviors and implement action steps that focus on narrowing the gap between current revenues earned and achieving as much as \$1 million annually
- Become skilled at articulating goals and addressing challenges, move beyond fuzzy thinking

- Identify and develop the greatest capabilities of your business
- Establish a match between your services, customers, and potential products
- Create new revenue streams and become less dependent on exchanging hours for dollars
- Learn how to effectively manage risks
- Develop ability to expand into new markets
- Define and implement long-term path to sustained growth
- Tap into underutilized creativity
- Build innovative strategies into the core of your business

If you are interested in developing a business blueprint to move your business beyond current revenue capacity and in carving a pathway for growth and success, then contact BVA today:

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### **Who is the Business Value Alliance?**

The Business Value Alliance (BVA) is the partnership of Darlene Crane and Dr. Claire Kinlaw. Collectively they have over thirty-five years of experience in product development and quantitative and qualitative assessments. Together they have built a systematic and integrated approach to accelerate growth for small business. An abridged list of clients includes: Quantum Corporation, Southern California Edison, Visa International, Xerox, PARC, NASA, Bursen Marsteller, Edelman PR. Affymetrix, Inovis, Consolidated Engineering Laboratories, and a number of small businesses and start-up enterprises.

**Darlene Barrientos Crane**, MBA Finance, has over twenty years of expertise in finance, product development, business advisement, project management, and operations management. Her approach to business advisement is to optimize the success level of small companies throughout the full lifecycle of a business, from startup, through product and service development, expansion and exit. She is a member of the Board of Directors of the Oakland Metropolitan Chamber of Commerce and Executive Co-Chair of the East Bay Women in Business Round Table, focusing on programs that meet the strategic needs of women in business.

Ms. Crane co-authored *Executive Accountability: Creating the Environment for Business Value from Technology*, published by Praeger Publishers, a leading academic publisher in 2003. This work evolved over a ten-year span while she served as an adjunct faculty at John F. Kennedy University and for the Masters of Management Program at Golden Gate University in the School of Telecommunications. She was recruited to develop courses in strategic management, information systems management, and customer-focused product development. The principles and tools she created have been used by over one thousand directors, professionals, engineers, and consultants.

**Claire S. Kinlaw, Ph.D.** is a molecular biologist with twenty years of laboratory research leadership experience. She discovered the world of business while leading an applied research and implementation project for her father's consulting firm for a large scientific federal agency. This project aimed at enhancing the productivity and team performance of science and engineering projects. She assumed leadership for Developmental Products upon her father's retirement, focusing initially on team development and project performance within science and engineering enterprises.

More recently, Claire joined forces with Darlene Crane and co-founded BVA to serve small business owners with product development resources, bridging the Business Growth Gap. She is passionate about revealing the value of talent in all projects, startup enterprises, and small businesses. Claire is active in developing programs and products for startup entrepreneurs and small business owners. She volunteers with Astia, formerly the Women's Technology Cluster, and the East Bay Women in Business Roundtable, a committee of the Oakland Metropolitan Chamber of Commerce. Claire is currently enrolled as an MBA candidate with the Haas Business School.