



Destination Climb to Your Desired Altitude

Article is from SBDC's
CEO Accelerator: Coaching for More Time & Money!
Increase Profits 61% in 12 Months & Build Equity of \$10 Million+ in 5 Years
(Program's Objectives)



www.marylandsbdc.org/accelerator

(Schedule, Application, & Description)

**Limited Number of Partial Scholarships
Are Available for Maryland Connected Firms**

For More Information, Contact
Russell Teter (Certified Coach) at rteter@umd.edu or 240-463-8686



SBDC at University of Maryland is the only state-wide program that provides world-class executive coaching exclusively to CEO of independently owned businesses.

Destination – Climb to Your Desired Altitude

“Wishing will not bring riches. But desiring riches with a state of mind that becomes an obsession, then planning definite ways and means to acquire riches, and backing those plans with persistence which does not recognize failure, will bring riches.”

Napoleon Hill – ***Think & Grow Rich*** (1937)

Why did you start your business? Are you realizing the dream you had for your life?

The more important question is “What is your desire for the future? How much money do you want to make?”

After you have that dollar amount written down with date to realize that amount, now it is time to dial into the details to make that desire a reality.

Let’s start to look at where you are now and then where you desire to be.

Will your current business model make the money you desire?

This is my question to every business owner: “Do you own your business or does your business own you?”

Most CEOs are not driving their business – their businesses are driving them -- working in the business instead of on the business. This approach guarantees to cause burnout resulting in failure.

Many owners have lost the essence of true entrepreneurship – the ability to try something new or different. Their entrepreneurial spirit that inspired them to start a business is crushed by laboring in the day-to-day ownership duties, focusing on the here and now.

Are you feeling overwhelmed by the business functions of your firm?

Most businesses are formed on the owner’s technical skills. The technical side of the owner has total confidence in the ability to service the customer. The owner’s lack of management and continued leadership results in feeling overwhelmed.

Are you struggling with implementing profit-driving strategies effectively and are working too many hours--on the verge of burnout--for any of the following reasons?

1. No systems are place that describe how work is to be done;
2. There is no structure for the right people doing the right job;
3. Lack of skilled staff to do their jobs properly;
4. Lack of measurement systems, and
5. Organizational Culture issues.

Michael Gerber in his book, ***The E-Myth Revisited: Why Most Small Businesses Don’t Work and What to Do About It*** (1994), speaks of different levels (stages) of a business. In describing

levels entrepreneurs can climb, he makes analogous references to the climb of three mountain peaks, and references Jim Collins' books, *Good to Great* (2001) and *Built to Last* (1994).

**PEAK 3:
Building a “Lasting Company”
Independence**

**PEAK 2:
Developing a “Great Company”
Equity**

**PEAK 1:
Creating a “Good Company”
Self-Employment**

PEAK 1: Creating a “Good Company”- Self Employment

This is the first altitude level represented by the lowest mountain peak. The individual is attempting to become “self-employed” in which the business provides enough money to meet their immediate financial obligations. What the owner draws from the business equals the amount received from a job working the same hours. The business is completely reliant on the owner. When the owner stops working, the business stops.

PEAK 2: Developing a “Great Company” - Equity

Striving for the second peak requires a second climb – growing “equity” in the business. Business equity is a positive value of the company. The owner is no longer working the business as a job, receiving the same financial rewards as if they are employed. The owner has the ability to be away from day-to-day functions of the business. Compensation is greater than their time in the business. We pose the following question to CEOs to assess if they have successfully climbed to Peak 2: “Can you be away from the business for three weeks?” If the answer is no, the person does not own a business, the business owns them. Most business owners are still in bondage to the business as a job. To become free, it requires working on the business, not in the business.

PEAK 3: Building a “Lasting Company” – Independence

At this level, the business owner has established “Independence,” free from the day-to-day functions; all business functions can be duplicated without the CEO's direct involvement. The company has well documented value. With freedom and value, the business can last, be sold to another owner (transferred to a family member).

Isn't this the prize of the entrepreneurial journey, the owner having both time and money? As Michael Gerber writes, “*The purpose of going into business is to get free of a job so you can create jobs for other people. The purpose of going into business is to expand beyond your existing horizons. So you can invent something that satisfies a need in the marketplace that has*

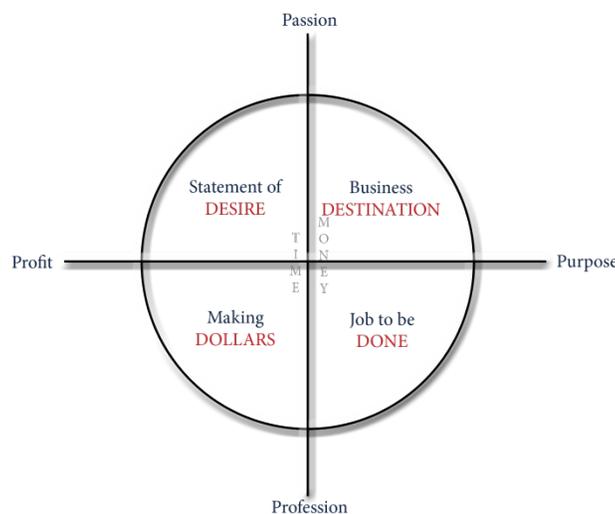
never been satisfied before. So you can live an expanded, stimulating new life...ultimately only one reason to create a business of your own, and that is to sell it!"

There is nothing wrong with climbing to and remaining at “Peak 1: A Good Company – Self Employment,” as long as that is the desired altitude. Gerber says on this altitude, “If your business depends on you, you don’t own a business—you have a job. And it’s the worst job in the world because you’re working for a lunatic!”

Many CEOs desire “Peak 3: A Lasting Company – Independence,” but have not prepared and planned for that climb, becoming overwhelmed with the day-to-day functions.

Michael Gerber explains that as the CEO, “...your job is to prepare yourself and your business for growth...to educate yourself sufficiently so that, as your business grows, the business’s foundation and structure can carry the additional weight.”

Look at your “Statement of Desire” for the dollar amount you seek by a specified date. Do you have a “Burning Desire” for that amount? That passion, “fire in the belly” as one serial entrepreneur explains it, determines your business destination.



What is your Business Destination – Your PEAK?

The PEAK acronym stands for

- P=Profit**
- E=Economic Value**
- A=Activity**
- K=Keystone**

Profit is the accumulation of all cash taken from the business for your personal lifestyle.

Economic Value is the dollar amount you would receive if you were to sell your business.

Activity is what you want to do in a day. For this exercise, it is specifically how many hours per day you are required to be at the business. For Altitude 3, the number would be 0.

Keystone is your life purpose. Architecturally, the keystone in an archway is the center stone that holds everything together. Removing the keystone will result in the archway falling.

“Profit” and “Economic Value” are about MONEY. “Activity” and “Keystone” are about TIME.

FranklinCovey—a world leader in the areas of strategy execution and individual effectiveness—in their best-selling book, *The 4 Disciplines of Execution: Achieving Your Wildly Important Goals* (2004), the authors say your goals (destination)

“...must contain a clearly measureable result, as well as the date by which that result must be achieved...This *from X to Y by when* format recognizes where you are today, where you want to go, and the deadline for reaching that goal. As deceptively simple as this formula may seem, many leaders often struggle to translate their strategic concepts into a single *from X to Y by when* finish line. But once they’ve done it, both they and the teams they lead have gained tremendous clarity.”

A powerful illustration of Destination – Climb to Your Desired Altitude is the true story of blind mountain climber Erik Weihenmayer and the courageous team that got him to the top of Mt. Everest. *Everest: Creating Greatness* is a stunning training video, produced in partnership with the FranklinCovey, presenting the power of a cohesive team with a clear destination (goal). Watch an interview with Eric at

YouTube: [Mount Everest - Secrets of Team Building](#)

After watching the video, a CEO said to me, “If a blind person can climb Mt. Everest, is there anything I can’t do with my business”

Eric and his team’s success began with clearly defining their destination.

Business Destination

12 Month Destination

Increase **Profit** (cash in your pocket for your family) from \$ _____ to \$ _____
Increase **Economic Value** (sale value of the business) from \$ _____ to \$ _____
Decrease **Activity** (hours working IN the business per week) from _____ to _____
_____ **Keystone** of _____ from _____ to _____

5 Year Destination

Increase **Profit** (cash in your pocket for your family) from \$ _____ to \$ _____
Increase **Economic Value** (sale value of the business) from \$ _____ to \$ _____
Decrease **Activity** (hours working IN the business per week) from _____ to _____
_____ **Keystone** of _____ from _____ to _____