

Managing The “Business Cycle”

Infancy

Characteristics: A time for learning about a brand new environment.

Appropriate Operational Strategies: A business does not actually exist yet. The aspiring business person gains experience working part time for himself or as an employee. Risk should be avoided at this early stage of development.

Childhood

Characteristics: Aspiring business person begins to operate in an unfamiliar environment that is filled with potential dangers. Many new skills must be learned all at once, and frustration is often the result; however natural enthusiasm for the “new toy” usually overcomes this frustration. Initiative begins to form, but the process is “messy.” Emphasis is on “what’s fun,” rather than “what’s smart,” which often leads to investment being made without thought of eventual profit. Community knowledge of the business exists only through word-of-mouth.

Appropriate Operational Strategies: A support network is essential. This includes: income support / professional association networking / local business networking / education in all areas of business. Emphasis must be on access to “practice” subjects.

Adolescence

Characteristics: Some community awareness of the fledgling business now exists. The business owner now begins to recognize industry “success paths,” but much remains to be learned, so work load seems never-ending. Growth comes in spurts that often are hard to manage, and many “starts and stops” are experienced. Awareness of need to do “what’s right for the business” is now formed, but still conflicts with desire to do “what’s fun.” Business investment now accelerates, but profitability is still in question.

Appropriate Operational Strategies: Goal-setting becomes critical to success. Emphasis must be placed on developing a fully formed business concept. Education and networking remains vital, and business person is likely to require the assistance of at least a part-time employee. Efforts to identify and reach potential target market must be redoubled. Establishing sound business management principles becomes critical. Financial controls are essential. Identifying and working with knowledgeable industry

mentors becomes vital. How business stresses are handled in this period is the most important indicator of future success.

Adulthood

Characteristics: Having successfully negotiated the ups and downs of adolescence, the business is now “on track.” The business owner knows what works and what doesn’t; resources are available to exploit opportunities. The business is now at the strongest point of its development: it is known and well regarded in the community. Others who aspire to work in the same industry point to it as a model and begin to copy its methods.

Appropriate Operational Strategies: No longer growing at the rate of adolescence, profitability must be monitored carefully to understand financial opportunities, pitfalls, and trends. Resources must be managed to prevent over-investment, but also to maintain long-term viability. Business concept must be constantly refined, and business planning must look to the future and not to the past. Business owner and employees must embrace creative challenges to keep their business enthusiasm fresh. Threats from eager competitors must be overcome. Financial considerations must be made for future retirement and/or business succession.

Old Age And Decline

Characteristics: All aspects of business—from financial performance to levels of creative enthusiasm—begin to wane. Facility, props, and photography appear dated. Business viability is threatened by this inertia and from the aggressive efforts of competitors.

Appropriate Operational Strategies: “Reinvent” the business or implement a business succession plan before it is too late.