

TITAN TIMES NEWSLETTER

October 2018

TITAN BUSINESS DEVELOPMENT GROUP, LLC



Strategic Drivers of Business

Strategic drivers of business are forces, both internal and external, that shape an organization's business strategy. Strategies that fail to adapt to forces such as technological change, competition and regulations are recipes for disaster. By no means comprehensive, below we discuss eight such drivers, to set you on the right path:

Organizational Effectiveness: Does the company have an organization chart, complete with job titles, descriptions, compensation and reporting relationships? Customer service and cost control begin and end with your employees. Evidence of management reporting and written evaluations of employee performance is a positive indicator of success.

Cost Identification and Control: Do you know the cost of your product or service? Identifying logical centers where costs accumulate and establishing a reporting system to capture, report and evaluate those costs is mandatory to controlling your cash flow and profits.

Establishing Selling Prices: Do you set your selling prices based on knowledge of your internal costs compared to the competition's prices? Gathering market information about your customers and competitors is vital to properly setting the selling price of your product. Market price information MUST then be compared to your internal cost of producing that same product. Establishing selling price is the most important function impacting cash flow and profitability. (continued)

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Planning, Directing and Controlling Operations: Are you tuned into the pulse of your company at all times? Key activities and management reports should be part of the company’s culture. Activities such as budgeting, rolling sales and profit forecasts, marketing and strategic planning should be regular processes. Key reports should include monthly financials compared to budget, daily quantity and value of the order backlog, customer, vendor, and employee issues if any. Most important is a daily cash position and 90-day cash forecast. Establishing quality and timely reporting is mandatory for continued success.

Inherent Business Risk: Are you aware of key risk factors that affect your business each day? Identifying risk factors and instituting processes to minimize those risks are fundamental to management maintaining control of the business. Certain external factors cannot be controlled, but internal responses can be put in place to deal with both foreseen and unforeseen outside circumstances to minimize damage to your business.

Nature of Competition: How strong are your competitors? Do you know if your industry is considered a monopoly or oligopoly, or is it ultra competitive? Obtaining detailed information on your competition is a key driver to success for your company. Knowing the relative strengths and weaknesses of your competitors will significantly influence your ability to set selling prices to maximize profitability and cash flow.

Business Growth: Do you know what is behind the recent trend in your revenue? Understanding both the internal and external factors that drive your revenue, and ultimately your bottom-line growth, are key components in the strategic direction of any company. Is your industry generally in a growth or decline mode? Are you strategically positioned to achieve growth because of management influence and/or industry trends, are there any consumer trends (think changing fashions and hot new fads)?

Industry Growth: What are the key data points used to track the general health of your industry? Knowing how your overall industry is performing, the long-term prospects of your industry and how your company compares to the overall industry are key management tools that should drive the direction of your business.

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The Intangible Appeal of the Company: Do you know how outsiders view your industry and what factors are weighed most heavily in making that judgment? Are you aware of key factors that differentiate you from your staunchest competitors? Identifying and enhancing unique qualities of your business and/or industry that may not show up on your financial statements can have a considerable effect on the value of your business. Is the business perceived to be desirable because of social, comfort, intellectual or economic reasons? Some businesses are just fun and/or stimulating because of unique characteristics of the business or its industry.

At Titan Business Development Group, LLC, we encourage our clients to keep (and update) written analysis of these (and many more) drivers on a continual basis. This exercise applies to both sole-proprietors and larger companies alike. Identifying these drivers will help you draft and update your business plan(s) – which should be prepared at least annually, to guide operations for the upcoming year and to adjust as necessary in response to changes in both internal and external activities and forces.

Masterful Quotes

“There is one thing stronger than all the armies in the world, and that is an idea whose time has come.”

- Victor Hugo

“The great thing in the world is not so much where we stand, as in what direction we are moving.”

- Oliver Wendell Holmes





Is Your Business Disorganized?

Let's face it: running a business is not a walk in the park. It requires many skills that most of us do not naturally possess. At the heart of the matter, there is also quite often a degree of discontent stemming from a feeling of disorganization. This disorganization is usually the result of a lack of systems.

In truth, we tend to invariably wing-it in some areas while running a well-oiled machine in others. Every area of your business should have a system - operations, inventory, finance, marketing, sales, customer service and leadership, to name just a few.

The thought of formalizing a system for each area of your business sounds daunting. But it shouldn't be. Taken in bite-size pieces, over a period of time, it is very achievable. We work with our clients on this process quite commonly. The end result, aside from a consistency of activities within their company and a much more deliberate approach to running their business, is a high degree of organization.

The real problem with a lack of organization are the distractions, wasted time and lost opportunities that come from it. Think for a minute about how much brain capacity you use when you must scramble to locate a customer's file, or you lose a sale because you failed to follow up with a prospect. It becomes a distraction and it derails you from running your business. The result of being more organized is less stress and a feeling of being in control.

Building systems within your business doesn't need to be a complicated project. In essence, these "systems" simply refer to the development of processes that you can apply consistently to the same situation over and over again. If you would like help in developing or fine-tuning your systems, give us a call. We would be happy to explore working together.
