

THE SEVEN PHASES OF FLOURISHING BUSINESSES

Successful businesses are in a constant state of flux. Businesses that take time to consolidate are taking time to go backward in the dynamic environment of the late 1990's.

Most small businesses start as a simple idea in the mind of an entrepreneur. Most never ever reach their full potential, and those that do pass through seven distinct phases.

Successful business owners need to be aware of these phases, prepare for and accept them.

If you have a business that plans, after the shorter startup phase, subsequent phases usually last around three years.

Businesses will pass through these phases whether or not the business owner wants them to. Hence there is a danger period at the end of each phase where the business owner must allow the business to move to the next phase.

Phase One - The Ideas Phase

This phase is characterised by optimism and motivation on the part of the entrepreneur. It is a time where an idea is being conceived and is undergoing consideration and review.

Research is undertaken to ascertain whether the idea can be developed into a successful business enterprise.

One of the most exciting things about a new business is mothering the idea into the mature reality of an ongoing business.

Once the idea has commitment of the business owners, the second phase begins.

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Phase Two - The Entrepreneurial Phase

By now the enterprise is up and running, establishing a reputation, primarily due to the hard work of its owners.

This phase is represented by many times of crisis, an emphasis on selling and long working hours put in by principals.

During this phase the business owner begins to spend more time in management. Once this happens, the transition must be made to the third phase.

Phase Three - The Systems Phase

By now there is consistency of business. A more systematic approach is required to successfully manage the business and control it.

The principal is still very much involved at this point, but is beginning to plan more and for longer periods ahead.

More staff are taken on board and the business owner/principal will spend more time in the role of management establishing directions for the business and begin to reduce the hands on role at the operational level as this phase progresses.

Once the business owner finds that despite the systems approach, he cannot take on more work, the business will move to the next phase.

Phase Four - The Delegation Phase

This is a point where the business principals are no longer involved in the day-to-day running of the business.

Work is delegated to staff. These staff must become more autonomous in their own right, and less reliant on the business owner.

By this point, the business is planning further ahead to the three year mark. It is more purpose driven, and less susceptible to short term issues.

It is during this stage that the business owners may consider expansion into a new business using the current levels of expertise available in the existing organisation.

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As each part of the organisation begins to function independently, the business moves to the next phase.

Phase Five - The Bureaucracy Phase

The business has a very well defined administration section. Each part of the organisation operates more autonomously, and with less interaction with other parts of the organisation.

The business has now become very large, and overall management is becoming more difficult and requiring more innovation.

The company moves to the next phase.

Phase Six - The Project Phase

As the day-to-day operations of the organisation are performed without difficulty, the organisation seeks new projects and tasks. Teams are established to investigate new opportunities and possible new ventures. These teams review the ideas and research in detail how the organisation would adapt to taking on the idea.

As soon as a satisfactory idea is found, and the organisation gives it the go ahead, the business moves to the next phase.

Phase Seven - The Next Idea Phase

This is where a new business is set up within the existing organisation.

The new business is established to become autonomous in the longer term, but is given support in the early stages.

This phase is similar to the ideas phase initially, but is now supported by a large and successful organisation.

And so we begin again.