

ESBA

SCALING YOUR ORGANIZATION

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My number one takeaway from this video

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FEW PEOPLE MAKE IT HERE

To scale your business, you should first understand what scalability means in terms of your business: Scalability is the expansion of the capacity of your business performance resulting from increased demand on production and performance (i.e., production efficiency) by way of systems and processes.

Scalability varies by industry and application. Some businesses, or parts of businesses, are easier to scale than others. Particularly business dealing with physical products and people can present a challenge. Physical labor is not an easy scale.

Breaking away from being a technician and becoming an entrepreneur with a sustainable, scalable business model is not easy. Three major components of this transition include systems and processes for:

1. **People:** Talent acquisition and retention
2. **Product:** A quality product
3. **Processes:** Systems and processes, including financial management and evaluation

In this download, you'll learn [how to scale your business with people](#).

PEOPLE MAKE A BUSINESS

People are the most significant component of the three parts. A well-executed business has systems and processes, at a minimum, for people:

- ☐ **Leadership.** The leader casts the vision. This requires execution, delivery, strategy, tactical planning, goal setting and implementation.

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- ☐ Management. Different from leadership.
- ☐ Team building.
- ☐ Production. Requires a good team that can compete in the marketplace.
- ☐ Human resources.
- ☐ Risk management.

If you'll remember the [CBInsights analysis](#) of why businesses fail, a whopping 56% had to do with people-related issues. And this is solely on the business side. This does not include the customer service side of business.

DEALING WITH PEOPLE STARTS WITH YOU

No matter the business model you've chosen, all businesses deal with people. This is because you're a part of your own business, at the minimum. And to deal with people is to first deal with yourself.

You've done a lot of self-examination work up to this point in the earlier modules. But even that work had to do with self work only. Now you'll be dealing with how you lead others, both as a leader (self-management) and as an influencer (people-management).

Get (wise) counsel

The purpose of having a mentor or a path to follow is to minimize your mistakes. Remember the principle of multiplication? You can accomplish your goals faster and with less challenges along the way and multiply your results and time by learning from people who've been there.

Wisdom is applied knowledge. Wisdom allows you to avoid reinventing the wheel of what's been done. How do you get wisdom? Listen to your spouse. Get a consultant. A business coach, a strategy coach. A life coach. Good coaching is not just about what you should do next but for encouragement around the things you're doing well right now. **No one can take your place or run your race.** But you still need coaching to bring out your best, whether it's performance-related or for accountability purposes. Good counsel can come from people, books, videos and more.

Steward the entire business well

According to the Bureau of Labor and Statistics, the failure rate of small businesses in the US by year 10 is 90-96%.

That means that an average of less than 10% of small businesses will survive to 10 years. Those numbers are significantly lower for partnerships.

Surviving. Not thriving.

How do you thrive?

1. Planning
2. Vision
3. Execution

Execute well in all areas of your business, not just the part(s) you're good at. If you're not executing well in all areas, you won't last the 10 years. All parts of your company are important and need good leadership, planning and vision. The good news is that if there are areas you're not strong in, you can staff those areas for execution.

LEARN TO LEAD

Leadership is *not* a natural inclination in most people. Many people have no trouble being the boss. Being the boss is much easier than leading. Why?

Leadership is a combination of responsibility for guiding or influencing and taking action. To guide or influence requires relationship¹ with another person; to understand their motivations² and their why. Taking action requires you to have the organizational and relational authority to do so.

A boss simply needs the organizational authority to issue orders. But without the relationship, the business will experience higher turnover rates, staff discontentment and ultimately lower customer satisfaction. There is no area where the relationship component does not touch and affect the business performance.

However, research has shown, repeatedly, that leaders are made, not born. This means that leadership can be learned. But first, you must understand yourself.

Understand your own roots (and the roots of others)

Author and speaker [Danny Silk](#) tells the story about a red truck and a yellow truck. The red truck constantly runs over the yellow truck - with words and actions.

Silk was specifically referring to parents as leaders when he gave this analogy, but the same principle applies to leadership in business. Watch this clip:



<https://www.youtube.com/embed/Lb8QEd0Rn8o?start=42&end=114>

¹ In 2018, LinkedIn CEO Jeff Weiner made big headlines with the company's analysis of the number one most-lacked job skill in the U.S. Weiner stated, "[I]nterpersonal skills is where we're seeing the biggest imbalance. Communications is the [number one] skill gap."

² Professional relationships should not require a personal investment that would cross the boundaries of professionalism.

According to Mr. Silk, one day the lesser powerful will become more powerful and will either (a) become the more dominant force, only with more anger and aggression or (b) will simply replace the current yellow truck with another yellow truck.

Every person is worthy of respect, is capable of decision-making and dealing with the consequences. Good relationships have mutual respect, not power struggles. With the red truck / yellow truck analogy, there is no power struggle; only the powerful crushing the lesser-powerful.

Is that the influence you want to have, that of a yellow truck - in your business, community, relationships or home? The undisputed boss? Perhaps you grew up in household much like what Mr. Silk described, where you were going to do whatever someone told you...or else.

Have you ever been the red truck? _____

Have you ever been the yellow truck? _____

Leadership styles

Some people think good leadership is being able to manage others well. *That is good management.*

Others believe that good leadership is the person who leads from the front of the organization.

While relationships influence every component of the business, this is not the same as a relational *leadership style*, such as a persuasive or popular leader. According to developmental psychologists, *good leadership has less to do with your leadership style, your management style or your personality* and *more to do with* your personal psychological / intellectual, emotional, spiritual, social and physical *maturity*.

People operate out of an 'internal "action logic" that determines how they view and respond to challenges to their power or safety. That means that you, as a leader, have a dominant way of thinking and leading an organization. This is not your leadership style but rather *the root motivator of why you lead and make decisions the way you do*.

In other words, *how you process things emotionally, based on your experiences, influences how you lead* (i.e., your leadership style). The benefit of knowing the primary motivating action logic, the emotional influence on how and why you make decisions, is that your own personal growth and development can lead to personal and company transformations.

Leadership has very little to do with a role

It's important that you grasp this concept because as the leader of your business, you can learn how to cultivate your own leadership style and to hire for and draw out of others the leadership skills they possess. This will strengthen your relationships in the organization, the organization itself and the performance of each contributing staff member.

Are you the person willing to lead others in this way? [Take this free quiz and find out!](#) No matter your primary leadership style, you can start being a better leader today. Recognize your strengths and weaknesses - and those of others - and strategically staff your organization to meet the needs of all personality types

DRAW ON YOUR STRENGTHS AND STAFF YOUR WEAKNESSES

The more you grow, the better you lead. Your personal growth not only applies to your personal leadership style but to the organization (of people and product) that you lead.

Understanding your business well means that you understand the personality of your brand and you hire people to further expand on that brand in their interactions. Can you imagine a grumpy Disney© employee yelling at small kids on one of their rides? The imagery doesn't fit with the cheerful, family-friendly persona of the Disney© brand.

Who you hire

Solopreneurship is very respected - but eventually you'll probably want to hire others in order to grow your business; there is strength in numbers. Knowing when to hire, who to hire and how to hire is an important part of this. When hiring, consider these three aspects³ of the person you're hiring: their character, their competency and their chemistry with you and your current team.

Character: Character is the most important aspect of a potential hire. However, this can also be the most difficult to determine initially. What traits do they exhibit? What do others say about them? A simple *reference check*, asking previous employers and co-workers to identify particular traits, can help you gather an idea of their character. Your page can include two components, a positive and a negative, and ask for the corresponding traits to be circled.

³ From Steve Dulin, of [MasterPlan Business Ministries](#).

Positive

generous	loyal
honest	content
hard-working	devoted
integrity	kind
sincere	self-controlled
gentle	patient
good	persistent
faithful	cooperative
tolerant	optimistic

Negative

dishonest	caustic
unkind	mean
selfish	disrespectful
petty	negative
abrasive	argumentative
greedy	abrupt
rude	impatient
poor interpersonal skills	holds grudges
	secretive
disloyal	

Competency: Skills and strengths tests ([like this one](#)) can help you determine someone's fit for your organization. Creating profiles around your current top performers will also give you a baseline for comparison of personalities and traits.

Chemistry⁴: You know your own strength profile; do you know your employees strengths? Do you have a basic understanding of [how their personality works](#) or makes decisions? What kind of mentality they have? Do they understand themselves? This component of hiring is so important that since the early 2000s hospitals have ceased hiring solely based on skill set but instead on team skills needs. Studies⁵ found, for example, that the most successful surgeons had better outcomes not based on skill set but on the team that they worked with.

⁴Suggested resources: the StrengthsFinders test, the [16 Personalities test](#), and the [KOLBE exam](#).

⁵[Here](#) is one such sample study.

When hiring for competency, first hire someone good at interviewing or good at building a team if these are not your strength. Third-party agencies exist to bridge this gap for you until you have your own team in place. Most importantly, when hiring, know the role you're hiring for, the goals of the role and the performance standards of that role.

When you fire

As a business owner and leader, everything is your responsibility, including the responsibility to remove wrong employees, wrong clients and wrong structures from the business.

Wrong employees. You have only two choices with a bad employee or contractor: train them better⁶ or let them go. Training is fertilizer to the roots of the staff member. Are their roots producing? If no, then try providing them additional training. If they still do not produce the work, let them go.

Wrong clients. Having a good process in place to properly vet who you work with is crucial to working with those who want to work with you. Oftentimes, dealing with a bad client is rooted in improper structures in your business that fail to set proper boundaries, outline the necessary policies and procedures and failure to implement those policies and procedures.

Wrong systems and processes. Part of the reality of business ownership is recognizing when a failure to perform may be tied to a failure to train on your part as the employer.

Good training

Training is not restricted to employees. You can provide training by the standards you set in everything you do, including how you onboard new affiliates and contractors. The way you conduct business communicates how you expect others to conduct your business as well.

When you've hired the right people, you can also deepen the skills and talents of the organization by allowing others to teach based on their skill set. Maximize the training by

⁶The rules for training in your business are strictly governed by the IRS when determining the difference between your having W-2 employees vs 1099 contractors. Speak to your lawyer and your CPA about these distinctions.

capturing audio and / or visual training for future use, including webinar replays or for an in-house podcast.

Staff members should improve their performance efficiency each year as a result of good training. A lack of training will only cost you money. Good training also helps with staff retention, as each member becomes more valuable with training and subsequently receives pay increases and bonuses based on their improved competency and value to the company.

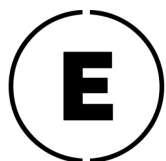
TRANSLATING LEADERSHIP TO CUSTOMER SERVICE

In his book, the [E-Myth Revisited](#), Gerber tells the story getting his hair cut at a new barbershop. The first time he went, the experience was magical. The customer service, hot towels and cold drinks, along with the excellent cut, made him a raving fan.

The second visit was very different. The amenities had changed. The cut was as good but the experience was so dramatically different he left feeling as though he'd been robbed of the repeat experience.

The experience is as important as the product to your customer - and people are a big part of the experience. This is why having the right framework in place to support your customers is so important; this framework allows them to establish rapport with you and to know what to expect.

The standard of experience your company provides is essential to the perception and reception of your product!



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