

# VITAL SIGNS

(An assessment tool for business growth planning)

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## I. Introduction

- a. The goal of this workshop/consulting session is to provide the business owner with an overview of the key elements of his/her business, and to identify some ways that the health of these components can be determined.
- b. Defining the issues is imperative before one (1) can plan for and execute a growth strategy.
- c. What is a business?
  - i. An entity that sells products and/or services to others with the intent of making a profit.
  - ii. A business is:
    1. Finite
    2. Definable
    3. Assessable
    4. Alterable
- d. Business is an art not a science.
- e. We have determined 12 key elements of a healthy business; thus, these are the elements you need to assess as you plan for and execute a growth strategy:
  - i. *Capacity*
  - ii. *Target Markets*
  - iii. *Competitors*
  - iv. *Niche*
  - v. *Marketing*
  - vi. *Projections*
  - vii. *Resources*
  - viii. *Personnel*
  - ix. *Customer service*
  - x. *Technology*
  - xi. *Financial management*
  - xii. *Assessment and alteration*



c. Are there target markets that you want to tap that have not yet penetrated?  
If you have not yet penetrated these markets, why not?

*d. What three (3) action steps do you need to take regarding this segment of your business?*

#### **IV. Competitors**

a. Who are your five (5) primary competitors?

b. What are their strengths and weaknesses, as you perceive them?

c. Comparatively, what are the strengths and weaknesses of your business?

d. What strategies have you employed to take advantage of your competitors weaknesses, and to enhance your business's strengths?

*e. What three (3) action steps do I need to take regarding this segment of my business?*



- c. *What three (3) action steps do I need to take regarding this segment of my business?*

## **VI. Marketing**

- a. Marketing is a compilation of all those things you do to create and reinforce an image of your business in the eyes of your target markets. Important to remember that much demand for our products and/or services is created demand not latent demand. Marketing is an important part of this creation.
- b. What three (3) messages do you want to consistently communicate to your target markets?
- c. How have you communicated these messages during the year?
- d. What collateral materials do you have available to use in marketing your business?
- e. *What three (3) action steps do you plan to take regarding this segment of your business?*

## **VII. Projections**

- a. This may be a new one for some of you. If you are going to successfully plan, then you must create baseline projections which will:
  - i. Determine the resources you need to employ to enable your projections to be achieved.
  - ii. Give you the data against which we can compare actual results.

- b. For almost all industries there are several factors that one can use to assist in projecting. These include:
  - i. Your own track record (Beware! If you don't change anything you are likely to get the same results).
  - ii. RMA reports.
  - iii. Sales per square foot numbers.
  - iv. Comparable business sales.
  - v. Business book.
  - vi. Billed time ratios.
  - vii. Output per hour.
- c. The process:
  - i. Project sales, monthly, for the next 12 months
  - ii. Estimated resources required to generate sales.
  - iii. Project operating costs.
- d. How do your 2018 results compare with projections?
- e. Prepare projections for 2019; use a spreadsheet. You can use templates found in Exhibits A-E. They are available in electronic format.
- f. What three (3) action steps do you plan to take regarding this segment of your business?*

### **VIII. Resources**

- a. There is a direct correlation between the resources you have employed in your business, and the maximum sales you are likely to experience. In fact, there is some common ratio lenders use to determine whether your projections are reasonable – Sales to Total Assets. There are subsets of this that are more applicable to one industry than another.
- b. What is the value of the assets employed in your business during 2018? You can use your balance sheet to determine this.

- c. For those businesses that sell product, what was the base value (either net or retail) of the inventory you had on hand? You answered this under the “Products and/or Services” section.
- d. For service businesses, will need to use either office capacity or billable hours.
- e. You need to determine whether you had the resources available to achieve the revenue projections you prepared for 2018. The same will apply to your 2019 projections. You may need a session with a VEDC consultant to determine this. They have considerable resources available that you may not have. If you have determined the resources needed, list them below:
- f. If additional resources will be needed to achieve the revenue projections for 2019, what money do you have available (or could access) to acquire them?
- g. The 2009 projections may need to be revised if you have concluded that you will not be acquiring additional resources at this time.

**IX. Personnel**

- a. I know you sometimes wish you could, but you probably can't operate your business with no employees; thus, it's up to you to make sure they are adequately trained and motivated. They represent your most valuable asset.
- b. The staffing process:
  - i. Determine your staffing needs? Even if you currently have staff, take a step back and answer this question. Remember, for most small businesses profitability is compromised because of staffing issues – either too many people, people doing the wrong things, or inadequate training.
  - ii. Create job descriptions; even if you already have employees.
  - iii. Develop tools for measuring performance.
  - iv. Train...Train...Train
- c. How is your current staffing level?

- d. What needs to be done to improve the personnel component of your business? Come up with at least three (3) action steps you plan to take regarding this issue.*

**X. Customer Service**

- a. Some key points to remember about customer service:
- i. It is a process not an event.
  - ii. It requires commitment to relationships, not just selling an item or service.
  - iii. It often requires that you go the extra mile.
  - iv. Needs to be top-driven.
  - v. There are two (2) levels of customers.
  - vi. You need to be clear about what you and your employees will do, and then do it.
  - vii. You need to always be truthful.
  - viii. Use firmness when required.
  - ix. Your employees will follow your lead.
  - x. The cost of developing a new customer is about 10:1 over the cost of retaining an existing one.
  - xi. It is imperative that you create a plan and have policies.
- b. What is your customer service plan, and which policies do you have in place? Obtain a copy of a business topic outline prepared by the VEDC on Customer Service.
- c. Do your employees know the plan, and the supporting policies?
- d. What three (3) action steps do you plan to take regarding this segment of your business?*



## **XII. Financial Management**

For this segment, obtain a copy of a separate business topic document prepared by the Warren Cooley entitled **Financial Management for Small Businesses.**

## **XIII. Assessment and Alteration**

This component is a bit different than the others. It is a commitment to a process. Successful businesses are continually planning, assessing and altering. We want you to be successful, so we are encouraging you to adopt this same process. The steps are more important than the format, and they can be employed in every area of your business. This is the process:

- a. Create plans and write them down; include projections where appropriate.
- b. Take the actions that your plan indicates you should take.
- c. Measure the results of your actions. Requires anticipated results for a comparison base. This is assessment.
- d. Alter and keep going.