

The Five Pillars of Business (The Five P's)

Every successful business large or small must be built on a solid foundation in order to survive and thrive. Every foundation requires established pillars in order to sustain the weight and pressures it must support. Whether a mature business is in need of major improvements or an aspiring entrepreneur is looking to start or grow a small business, the Five Pillars of business must be installed to create sustainable, long term success. Each of the Five P's should weigh and balance the same as none is more important than any other. However, each also requires individual attention and constant monitoring to ensure the measurable goals are met or exceeded. Once the pillars are clearly established and running efficiently, the day to day operations of the business will run smoothly and profitably. Let's get to the Five P's:

People: The first 'P' is perhaps the most important one (if they didn't carry equal weight). The executive team and/or ownership must make it a priority to ensure customers are happy and employees are motivated and empowered. With most businesses, if the customer is not satisfied and happy with the product or service not only will he/she not be a return customer, but he/she will not recommend the company to other potential customers. The single best way and biggest compliment to a business is when an existing customer enthusiastically recommends a product or service to his/her family, friends, and colleagues. These types of referrals should be a key indicator of any company to measure and should be captured with every contact the business makes.

The other component of the People Pillar is to create motivated and empowered employees. In most businesses employees are the front line to creating a quality product or providing a service, both of which will be consumed by the end user...the customer. Because of this critical link, employees must have a genuine belief in the product or service offered and really understand the essence of both what the customer wants and what the mission of the company is. To accomplish this, an employee should be given the ability to make a on the spot and educated decisions as to what is best for the customer and have a voice throughout the management ranks to the executive suite and/or ownership as to what changes to process should be considered. Once again, data should be collected and analyzed as part of a key performance measurement to ensure the desired levels are being met or exceeded.

Planning: We have all heard the saying '*failing to plan is planning to fail*'. Truer words have never been spoken. There are two very important types of planning to ensure a business is running as efficiently as possible. Each should allow for inputs from all levels of the company and require strong communication, both of content and in context.

Strategic planning is typically done at the higher level of the organization, but should NEVER be done in silo. Strategic planning is where the management team takes a long term look at the goals of the company and what needs to be executed and measured at the macro (the forest) level. Some of the items planned here are what the company's brand will be, what does the competitor

landscape look like and how should it be combated, how will market share be attained, identifying core client targets, etc. Each of these strategic initiatives should constantly be monitored, analyzed, and aligned to the mission of the company. Generally, there are an unlimited set of inputs that need to be vetted and considered as part of the process to producing sound strategic outputs. You guessed it, customer and employee feedback must be considered.

Operational planning is the second component of the Planning Pillar. Operational plans should consist of a number of departmental and divisional plans that seamlessly roll up into a greater, all inclusive operational plan. The operational plan should be executed and measured at the micro (level) but unequivocally align with the strategic plan. These types of plans generally answer the question of 'how' the business will operate and generate the desired results of the strategic plan. For example, how will vendors be selected, what is the succession process for replacing employees and managers, how will employees be trained and promoted, etc. Of course, there are a number of opportunities to collect data throughout the structure of the operational plan and these performance metrics should roll up and align to the key performance measures associated with the strategic plan.

Process: The third 'P', Process, should be considered the road map to success. Formal processes should be developed at every level of the organization so employees and management can fully understand what happens at every phase of the business cycle. These process maps are a great way to train new employees, provide structure and empowerment to all employees, and clearly mark the areas of measure throughout the cycle. The Process Pillar should provide a multilevel depiction of the who, what, when, where, why, and how of the organization. A properly designed process flow should allow for traceability from the lowest level activity up through to the highest, most visible strategic level.

Performance: Performance is the fourth Pillar and can simply be described as the collection of data and analysis to ensure the process, operational, and strategic plans are all in alignment and generating the desired results. Monitoring performance requires significant discipline and should not become a burden or log jam of the daily process flow, however, it is critical to capture aligned data and the simplest method should be used to do so. In addition, accountability of all employees is necessary to ensure timely and accurate results.

Another common phrase is *'if you aren't measuring, you aren't managing'*, and this too is a very true statement. Organizations can have the best, most clearly communicated plans in the world, if results aren't being measured there is no way to tell where gaps exist, what is meeting/exceeding goals, what needs improvement, who should proactively receive a promotion, why customers aren't satisfied, etc. There are many good data capture and analytic tools on the market today. Many companies don't realize this, but MS Excel and Access are two of the best. Not only are they included in the MS Office professional version and higher, but each is highly customizable to meet most small to mid sized company's needs. Generally, developing what data should be collected, when, where, and how is the greatest challenge in the Performance Pillar. Once a company dedicates itself to developing key performance indicators and the data required to provide meaningful interpretation, the Performance Pillar is a company's best friend.

Profit: We have reached the final Pillar, Profit, and it is safe to assume most businesses exist to generate a profit (non-profits technically aren't but do need to generate sustainable income and certainly benefit from the Five P's). In the most general sense, earning a profit is generating more revenue than a company has expenses. The key is to keep expenses as the most minimal amount while maximizing the intake of revenue. Following the Five P's as intended will certainly provide a company with it's best chance to earn a profit. Profit can even be considered one of the key performance indicators. However, generating and maximizing a profit requires great effort and discipline. Establishing the 5 P's will provide the discipline needed for a company to be well on it's way to generating a profit in both thriving and struggling economies.

As a final note, installing a Five Pillar foundation does indeed require great commitment from leadership, especially from the CEO, President, or owner. Getting the pillars running optimally will initially put a strain on the organization as it works in parallel to continue on with day to day operations. However, once the system is installed and running properly, the organization will run remarkably efficient, becoming one the organization's greatest assets. As the saying goes 'no pain, no gain'.

Stefan K. Regelman, M.B.A. is the principal consultant of JPJ Consulting, LLC, a management consulting and coaching firm with the goal of becoming 'Your Preferred Partner in Business Improvement Projects'. He lives in North Kingstown, RI with his wife and 3 children. For more information visit: www.JPJConsulting.com or info@JPJConsulting.com