

# The Business Coach

A Parable of Small Business Breakthrough

BRADLEY J. SUGARS



READINGGRAPHICS  
Ideas Come Alive



## The Big "So What"

Your business should be a means to an end, and a vehicle to achieve your life goals. This book shows how you can quickly grow a small business, and eventually build a successful company that runs itself, using business coaching and a proven 6-step process.

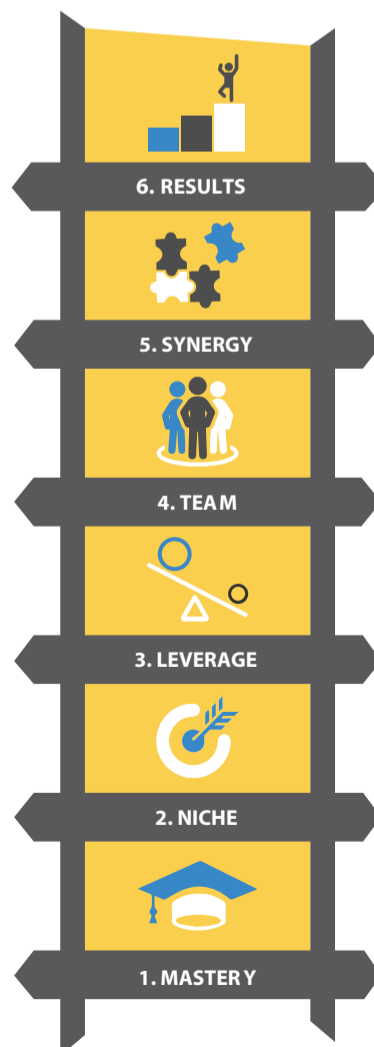


## Introduction

Most entrepreneurs start a business for freedom, financial rewards and/or to pursue their passion. A successful business must be profitable and work without you - only then will you have the choice to sell the business, or keep it without being trapped in it. Otherwise, your business is no more than a job, and likely an underpaid one.

The author, Bradley Sugars, is the founder of ActionCOACH, a global coaching firm. Through a fable about Joe and Nellie - a couple feeling burnt out after 20 years in their bakery business - Sugars shows how you can transform your business with a business coach, using a 6-step success framework that has been proven to work in any business or industry across more than 50 countries. The idea is to align your business and life goals, master key aspects of your business, and develop systems to automate your operations and profits.

The 6-steps success ladder can be applied to any business, though working with a coach could accelerate the process. In this summary, we'll outline the 6 steps and the coaching process.



## KEY QUOTES

*"It doesn't matter what style or type of business you are in. What matters is that you grasp the core principles, the underlying strategies that can help grow any business, in any marketplace."*

*"A business is a commercial, profitable enterprise that works without you."*

*"The reason most people work so hard is because their business doesn't."*

*"Your business is your product. It's what you're building, it's what you have to make work, and it's ultimately supposed to run without you."*

*"Most small business owners are in the same boat. They're really good at what they do - that's usually the main reason they went into business in the first place - but nobody ever taught them how to run a business."*





## Part 1: Mastery


The first step is to master the fundamentals of your business so you are consistently profitable, productive, and have the right information for decision-making.


### Money Mastery

Profits are crucial in business - without profits, you cannot sustain your business, much less grow it. **Money mastery is about knowing your historic numbers and those that shape your future.**

 **Break-Even Mastery:** Know how many units (e.g. customers, sales) you need to breakeven and to produce your desired profits. Your breakeven point is what you must make to cover your expenses. If your costs are \$1,000 per week and your average sale is \$5, you need 200 customers to breakeven.

 **Profit Margin Mastery:** Develop a daily, weekly, or monthly budget with strategies to achieve your profit goals. Note that you can't increase profits directly; you can only do so via 5 key variables (explained in Part 2).

 **Reporting Mastery:** Establish where you are now (by knowing your numbers each day, week, or month), so you can make informed decisions to achieve your goals. With reporting mastery, you're good at taking stock of your business – this sets a benchmark for you to test and measure your marketing efforts.

 **Test & Measure Mastery:** Predict future profits using Key Performance Indicators (KPIs) for your business. Start testing up to 5 new growth strategies (e.g. upselling, increasing price) on a small scale. Test each strategy for 2 weeks at a time and track your results. Drop the strategies that don't work, refine those that work, and gradually implement on a larger scale.

### Delivery Mastery

Focus on delivering your products/ services consistently, with the right quality, quantity, time and margin. With delivery mastery, you minimize over- or under-production, roster people effectively to suit the business needs, and meet your customers' expectations



**READINGGRAPHICS**  
*Ideas Come Alive*

### KEY QUOTES

*"Mastery - The first stage of growing any business is about making sure we deliver profitably, productively, and with enough information to make great decisions."*

*"Being successful in business has very little to do with the size of your business or what its revenues are. It's all about how much profit you make."*

*"Our immediate aim is to come up with a handful of strategies that will increase your profit and in so doing, ensure that your business becomes healthy and profitable."*

*"Far too many business owners look for rocket science...the small changes can add up to big results."*


predictably, each and every time. Start by listing the top 5-10 customer complaints and address them progressively.

## Time Mastery

Time mastery is about making the most effective use of your time (and that of your team). Start by keeping a time log:


- Track your daily work hours to find out how many hours you work each week.
- Identify your top 5-10 categories of tasks each week – e.g. sales calls, client meetings, product delivery, communication (email, phone) - and how much time is spent in each category.
- Identify (with your coach's help) 1-2 task categories that can be delegated, or areas where you can be more effective.
- The goal is to free up 10-20 hours a week, so you can focus on working on your business (not in it).

To master your time, you need to do the right things. This in turn requires:

 **Goal Mastery:** You must be clear about where you want to go in life and business, before you can actually get there. There are 3 key components for defining your ideal business outcome:

- o Your **Vision** is the overall goal and guiding light of your business;
- o Your **Mission Statement** shows how your business will reach the vision, by addressing: What business are you in? Who is your team? Who are your customers? What makes you unique?
- o Your **Culture Statement** defines the rules of the game, and

List down your **S.M.A.R.T. goals** (Specific, Measurable, Achievable, Result-oriented, with a definite Time Frame). Celebrate and **reward yourself** each time you achieve a goal.

 **Self-Mastery:** It takes discipline to get goal clarity, stay focused, and do what you should to get there. Tap on your internal



**READINGGRAPHICS**  
*Ideas Come Alive*

## KEY QUOTES

*“Consistency is more important than brilliance. Stop any leaks, as there is no use in filling the tub if the plug is left out.”*

*“My productivity and the productivity of my people will determine my success and profitability.”*

*“Our immediate aim is to come up with a handful of strategies that will increase your profit and in so doing, ensure that your business becomes healthy and profitable.”*

*“As long as you know where you're going, it's easy to get there.”*

discipline, and leverage on your coach's discipline. Each night, plan in advance what you'll do the next day. Use your time log, and work with your coach, to identify areas that can be improved or eliminated, to free up time to grow your business.



**READINGGRAPHICS**  
Ideas Come Alive



## Part 2: Niche

Aniche is the ideal position to be filled by a person or business. When you control a market niche, people accept you for your position. Once you've identified your uniqueness, and built your sales and marketing engines around it, you no longer need to compete on price.



### Business Chassis

Every business owner wants more customers, revenues and profits. However, you can only improve these via [5 key ways to grow your business and multiply your profits](#):



Leads



X Conversion Rate = Customers



X Transactions



X Ave. Dollar Sale Price = Revenue



X Margin



= Profit



**Leads** are the number of prospects or potential customers whom you had contact with during a certain period;



A **conversion rate** refers to the number of leads that convert to customers, i.e. the percentage of people who bought from you, out of those who could have bought from you;



The **number of transactions** is the average number of times each customer bought from you during a certain period;



The **average dollar sale price**, or the average price of items sold, is derived by dividing the total sales revenue by the number of sales;








**Margin** is the percentage of each sale that's profit.

The [business chassis produces a multiplier effect](#) – by increasing each of the 5 variables by 10%, you'll increase your profits by 61%. However, it generally costs 6-7 times more to acquire new customers, than it does to sell to existing ones. Hence, Sugars recommends that

## KEY QUOTES

*"(Your) marketing needs to convey what is unique about (you) and why someone should buy from (you) today."*

you [build your profit machine in this sequence](#):



-  **Margins.** This is the variable you have most control over.
-  **Average Dollar Sale.** You can apply strategies like product bundling, free delivery for a minimum spend, or upselling.
-  **Conversion Rate.** Increase your customer base by increasing the proportion of prospects or contacts who buy from you.
-  **Number of Transactions.** Your customer base is an asset – invest in them (e.g. inform them of new products, make them feel special), so you can increase the number of transactions per customer.
-  **Leads Generation.** This is typically the most expensive of the 5 variables, thus you should add leads only after you get the machine running. Ask your customers how they got to hear about you, and tally your figures every 2 weeks as you try new channels and strategies.

### Develop your Niche

This will involve [developing your Unique Selling Proposition \(USP\)](#) and your [guarantee strategies](#).

### Marketing Rules

Here's a summary of the key marketing principles outlined in the book:

-  Marketing is an investment, not an expense.
  - o To get the highest returns, [test and measure everything](#).
  - o Focus more on income-generation than cost-reduction. Put 50% of your time, effort, and money into distribution (i.e. get your products ready for market), and the other 50% into sales and marketing (i.e. get the market to come to you).
-  Know your acquisition costs (how much you pay to get a new customer, e.g. brochures, sales team) and customer lifetime value (the amount each customer spends with you over time).
  - o Go for [wallet share](#) over market share, since it costs more to acquire a new customer than sell to an existing one.



**READINGGRAPHICS**  
*Ideas Come Alive*

## KEY QUOTES

*“Just by focusing we can get a small growth in each area and it all multiples together to get a great result on the bottom line.”*

*“Every single person who does business with you represents a gold mine of lifetime opportunity. You must collect their details, get to know them, treat them as special, keep in constant contact, and regularly invite them back as a member of the family.”*

*“Think of marketing as an investment and not an expense.”*

- o Your marketing budget must be less than what a customer spends with you on average. Focus on reducing your acquisition cost and raising the lifetime value.



READINGGRAPHICS  
Ideas Come Alive



## Part 3: Leverage




Once you have a profitable business and know the required components, you can use systems to make your machine more efficient. Remember that your goal is to “finish” building the business so that it can run profitably without you. There are 4 types of leverages.



### Structure Leverage

This is about putting the right people in the right positions, and equipping them with the right plan, so they can function effectively and predictably. Many business owners don't trust others to do the job. They are afraid to share their “trade secrets”, or doubt that others can perform up to their standards. Instead of laying out the roles and guidelines, they jump in each time there are issues.

To make the business systems-dependent rather than people-dependent, you need the following:

- 
**Organization chart:** Identify the key positions in your organization, so you know who and how to fill them.
  - o Draw out a detailed org chart of your business. Do this for all required positions, including those that don't yet exist.
  - o Indicate the roles that you and your team are currently filling. If you are a start-up, you'll probably be filling multiple roles.
- 
**Position contracts:** Define each role on your org chart, including the objectives, goals, responsibilities and accountabilities of that position. People achieve more when they know what they're supposed to do. Make sure you define what's “satisfactory” vs “excellent” performance, and lay out the tasks, standards, goals and areas for improvement.
- 
**Key performance indicators (KPIs):** You can only manage and improve what you measure. By having KPIs for each role, you can manage areas for improvement, and provide fair and

## KEY QUOTES




*“If you buy customers for less than they spend with you, you can create an unlimited marketing budget.”*

*“Think about it: why build a job for yourself when you can build an income stream that keeps on growing whether you're there or not?”*

consistent rewards. Remember to celebrate and give rewards – including for yourself – each time goals are achieved.


## How-to Leverage

All employees, including the good ones, will leave someday. To minimize the impact of staff turnover, you need to create a manual for each position, documenting how the work should be done.

-  **Routine vs Exception:** List down every routine or repetitive task to be performed in the business, for each week, month, quarter, and year. Give provisions for people to manage exceptions.
-  **Flowchart:** Show how the work flows through each department, and how everything fits together.
-  **Documentation:** Use videos, audios, and pictures, documents, checklists and records, to put together a detailed multi-media manual for each role. This should be an evolving document:
  - o Find the best way to do each routine, using Kaizen, or continuous improvement, to test and refine one job at a time.
  - o Get your team to list the top 10 tasks for each of these categories: those that are most time consuming, most stressful, productivity-related, or bring them greatest happiness. Work with your team to address 1 problem at a time – this improves your business and gives your staff a sense of purpose.
  - o Write your manuals, starting with the most crucial or common task, itemize the actions required, the next steps, desired outcomes (KPIs), and what to do when things don't go as planned.

## Management Leverage

Once you have the systems to get work done, you'll need to manage these systems.

-  **Resource management:** Use planning and budgeting to manage your physical resources, e.g. machines, ingredients, shop space.



**READINGGRAPHICS**  
*Ideas Come Alive*

## KEY QUOTES



**People management:** Use training to improve your team’s knowledge, technical skills (e.g. baking, design) and soft skills (e.g. time management, communications). Clearly define each role, establish the lines of delegation when someone is away, and provide cross-training to develop understanding of the role requirements.



### Technology Leverage

Use technology to enhance your systems, making them more effective, faster and more economical. As a rule of thumb, prioritize investment in state-of-the-art technology that directly improves customer value (e.g. improved experience or cheaper products), and use reliable technology for your backend operations (e.g. accounting) only when your cash-flows permit.



## Part 4: Team

The next step in the success ladder is to build a great team, i.e. a group of people with common goals, work together in a coordinated way, feel cohesive, and accomplish more as a group. To achieve this, you must address this question: “why should the best people join you?”



### The Cycle of Business

A business should serve and add value to all its stakeholders, e.g. profits for the owners, monetary and non-monetary rewards for its team, revenues for its suppliers, and satisfying needs of its customers. In fact, the owner, team, customer and business are connected in a self-reinforcing cycle:



**READINGGRAPHICS**  
Ideas Come Alive

## KEY QUOTES

*“It is a business truism that if you aren’t growing, you’re dying, just like in nature.”*

*“Managing people is all about time and skill management, and then training.”*

*“Technology in itself is not the solution, but using technology to speed up our systems is a must.”*



## Team Recruitment and Induction

Use a deselection process, rather than a selection process, to hire your team. Your goal should be to find candidates with the right heart and soul for your business.

- In **your recruitment ads**, appeal to emotions, with words like “People with passion wanted”, or “If you are the superstar designer we are looking for...”. Then, share some information about the job and the type of people you’re looking for.
- Get interested candidates to call a number which leads to an answering machine, with a **2-3 minute message**. Share more about the company and the position. Those who are still keen should leave their particulars and answer 3 questions.
- Invite those who leave messages to a **group interview**. Here, you share your vision, mission, and culture. After a break, candidates must share these 3 things with the rest of the room: their best achievement so far, their background, and what they bring to the job. It’s normal for some candidates to leave half-way as part of the deselection process.
- **Involve other team members**, so they can jointly decide who they want to work with.

## Building a winning team

Your culture, vision and mission form the foundation for 6 keys to a winning team:

- **Strong Leadership:** A leader doesn’t only manage the technical and operational aspects of the business. He offers a vision, addresses the heart and soul of the business and team, and demonstrates passion and responsibility (making decisive actions and being accountable for their follow-through).
- **Common Goals:** The overall goal must benefit everyone; each team member must know, understand and believe in it.
- **Rules of the Game:** For people to play to win, you must define the playing field and the game-rules (e.g. norms, dos and don’ts). Use your culture statement as a guide.



**READINGGRAPHICS**  
*Ideas Come Alive*

### KEY QUOTES

*“You want to find the best possible person for the job, not just any person who can do the work. You’re ultimately looking for that one person who wants the job more than anything else in the whole world.”*

*“You can always teach people new skills or ways of doing things, but the most important attributes of any team member is their passion and compatibility with the other members of your team.”*

*“The hallmark of a strong leader is passion and responsibility.”*

*“It’s one thing to have great people working for you; it’s another to have all the other important elements in place so that this team can become a winning one.”*



**Action Plan:** Your position contracts and manuals detail the what, how and why of the roles. Your action plan defines who to do what, and by when. A clear plan helps your team to commit to and deliver results.



**Support Risk-Taking:** Whenever you try something new, mistakes are inevitable. Encourage calculated risk-taking, lead by example, and reward team members when their innovations deliver results.



**100% involvement and inclusion:** When a team member slackens or drops out of the race, it affects others. The leader must keep everyone fully committed and involved.



**Communication.** Use team memos, meetings, newsletters etc. to facilitate communication and hold the team and business together.



## Part 5: Synergy

Synergy means that the outcome is far greater than the sum of the inputs, i.e.  $1+1=3$  or more. Now that you've put in place the key components of your business, you must lead and grow it from the outside, orchestrating how the parts work together synergistically to create the desired outcome.

Unfortunately, there's no fixed formula for achieving synergy, since the components vary with each business, and you can't foresee the growing pains until you actually grow.

The key is to resist reverting to the old modus operandi, or to grow the business too quickly. Instead, be a "synergy leader", watching out for cracks in your system, and solving problems with one eye on the future and one eye on the present.



## Part 6: Results

If you have completed the 5 preceding steps, you have "finished" your business-building process and can enjoy the fruits of your labour. You can now choose to sell your business, or continually refine it using the Business Chassis.



**READINGGRAPHICS**  
*Ideas Come Alive*

### KEY QUOTES

*Everyone likes being associated with people who are moving forward, and it's no different in business."*

*Communication - It's the oil that keeps the team machine moving, and you can never have too much of it."*

*"Synergy Leadership is about noticing cracks that appear and either systemizing them or training your team to handle them."*








## Working with a Coach

You can apply the 6 steps above to any business. However, working with a coach can fast-track your progress. This process typically starts with an Alignment Consultation, where you and your coach jointly evaluate your business and personal goals, assess your strategies and results so far, and identify untapped potential in your business.

In the book, the coach helped Joe and Nellie to understand and apply the 6 steps and various underlying strategies, working closely with them to transform their business.



## Benefits of coaching

-  Your coaching sessions (meetings, structured conversations) are **dedicated pockets of time** set aside to focus on business growth.
-  By listening, asking good questions, brainstorming, or encouraging you to think out loud, the Coach can help to you to **find answers quickly**, and learn to think for yourself.
-  A coach helps you to identify blind-spots, simplify complex ideas and cut through clutter and confusion to **define clear action steps** after each session.
-  Knowing what to do isn't enough – being accountable to a Coach spurs you to overcome procrastination and **take the necessary action** to generate results.
-  The **results and profits** that you gain should more than cover your coaching investment.

However, for the coaching process to work, you must fulfil a few prerequisites: You must be **committed** to your success, be **willing to accept new ideas** and venture out of your comfort zone, and be prepared to **work hard** and to do what it takes to implement the ideas and solutions identified with your coach.



**READINGGRAPHICS**  
*Ideas Come Alive*

## KEY QUOTES

*“Your business is your product; it’s what you’re building for sale, and it’s where you’re ultimately going to make your profit – selling the business.”*



## Other Details in the Book to Look Out For

This easy-to-read parable is designed to provide an overview of the 6-step success ladder and the coaching process. Sugars has a series of different books focusing on each of the 6 steps, as well as the 5 variables in the business chassis (e.g. leads, team, systems). The book ends with a review of key terms, a short action guide, recommended reading and FAQs. You can get your free business assessment/consultation at [www.actioncoach.com/profitseason](http://www.actioncoach.com/profitseason).

## About the Author

Brad Sugars is an entrepreneur, author and business coach, who has owned and operated more than two dozen companies. He's the founder and chairman of ActionCOACH, which has more than 1,000 offices in more than 50 countries.



The ActionCOACH brand - formerly known as Action International - is one of the leading global business coaching firms and most awarded franchises in the world today. For more details, please go to [www.actioncoach.com](http://www.actioncoach.com).

## About ReadinGraphics



**READINGGRAPHICS**  
*Ideas Come Alive*

ReadinGraphics captures pearls of wisdom from the best books around the world, chunks down concepts into simple, actionable steps, and presents them in graphics that you can absorb at a glance.

We cut through the clutter to bring ideas to life, making it easier to see, organize and apply insights to create breakthroughs.

Find out more about us at <https://readinggraphics.com>

 [www.readinggraphics.com](http://www.readinggraphics.com)  [ReadinGraphics](https://www.facebook.com/ReadinGraphics)  [ReadinGraphics](https://twitter.com/ReadinGraphics)



**READINGGRAPHICS**  
*Ideas Come Alive*

## KEY QUOTES