

THE QUESTIONS EVERY BUSINESS NEEDS TO ASK

By Neville Lake

Do you want to know the real difference between those businesses that outperform and outlast their competition, and those that simply struggle along?

The difference is the questions they ask.

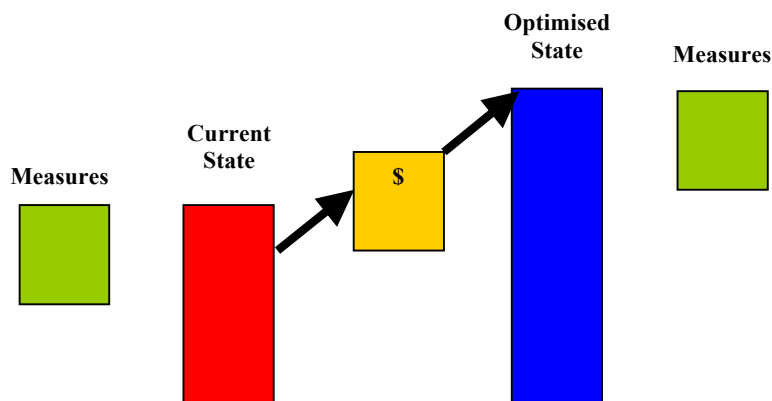
Every now and then you may ask, “How do we become more efficient or effective?” or “Where are there more sales opportunities?” or “How can I hammer out some costs?” These are great questions – but they are not *the* questions.

To really make a difference to your current profits and strengthen your future position there are three powerful types of strategic questions that you need to think about very carefully:

- Possibility questions
- Focus questions
- Action questions

Possibility questions

There is a critical ‘mega-question’, which is, “What is possible for my business?” A surprising number of businesses do not know the answer. The absence of the answer means that too many businesses perform at a level that is below their true potential without ever really knowing what they failed to achieve. To get your potential clear, draw a sub-optimisation graph like the one below:



Begin by asking the question “What is the optimised state for my business?” The optimised state is not the idyllic state where everything is perfect all the time (life is never like that), but rather what your business is like when everything is going as well as it possibly could. It would be like having your best month over and over again. In fact, your optimised state may be better than the best month you have

experienced so far. This is possible for your business, and - with some work - you could consistently perform at this level. The tall bar on the right represents your optimised state.

Now, ask “What would be the effect on the key measures for my business if I was able to achieve the optimised state for a year?” In the box next to the tall bar show the annualised effect on sales, profits, costs, and whatever other measures are critical to your business.

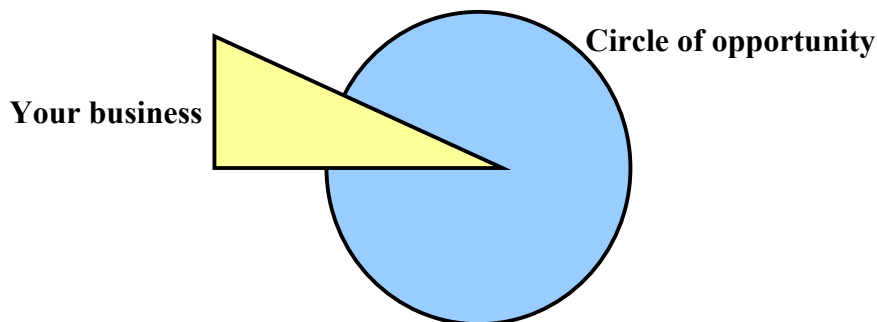
Next go to the short bar, and ask “How well am I doing now?” and record your current performance on the same set of measures in the box provided. You are probably (at best) no more than 80% of your optimised state, and there is every chance that you are closer to 60% of the possible level of performance for your business. Now, ask “How much more money is available if we could make the transition from the current to the optimised state?” Calculate the amount by looking at the figures in the two measurement boxes, and enter the amount in the box with the dollar sign between the two bars.

You can see what is possible for your business. You now need some different questions to achieve this level of performance.

Focus questions

The problem for most businesses is not the lack of opportunity, but too much opportunity. Think of all the opportunities available to your business as being represented by a circle – your ‘circle of opportunity’.

However, you only have a limited amount of money available to you, and a finite number of hours to spend on your business. Picture this limited set of resources as a thin wedge. There is only one right place for your business within your circle, and to find this you need to ask some more questions.



Have a look at the optimised state that you have already identified, and use it as a springboard to ask the following questions:

- What makes my business unique?
- What do my customers value the most?

- What types of customers/ markets offer me the best opportunity to make the most money with the least investment of effort?
- Which kinds of products/ services are going to take me into the future, and which represent a sentimental attachment to the past?
- If I continue on doing what I am doing now, will this business become the best that it could possibly be?
- What wastes our time and resources?
- What produces the lowest profits?

Take some time to explore these questions. Collect the opinions of those who work for and with you and question some of your customers. When you have clear answers, you are ready to make a tough decision. You are ready to deliberately start to spend more of your money and effort on those products/ customers/ markets/ opportunities that will return the most to your business, and spend less time (and this is the hard bit) on those parts of your business that do not return as much as they should – even though they still might make money. Create two lists, and show everything that you are doing that is within your best position within your circle of opportunity, and everything that falls outside.

Now you have to make it happen.

Action questions

What do you have to do to become the kind of business that you could be – and should be? Consider the information you have created so far and ask the following questions of specific customers and products:

- Which products/ customers do I need that I do not have (introduce)?
- Which products/ customers do I already have, but I need more of (expand)?
- Which products/ customers are too plentiful (reduce)?
- Which products/ customers should I not have in my business any longer (eliminate)?

Allocate each product/ customer you identified as a score out of ten, so, for example, if you really need to introduce or expand a particular customer/ product give it a score of '10', if this is valuable but not essential give a score of '5', and if it is not at all critical then allocate '1', and use a similar scoring criteria for 'reducing' and 'eliminating'. Now, put the outcome of your questioning into a table:

	Introduce	Expand	Reduce	Eliminate	Action required	First step
CUSTOMERS						
PRODUCTS						

You can now rank order each item in each box according to their scores. For those items with a high score you can ask two further questions:

- What do I need to do?
- What is the first step?

Make sure that the first step is easy – and do it. The biggest problem in implementing change is beginning. Once you have made a start it is easier to continue.

So, you have asked some powerful questions and produced some insights that have led you to take action. You have just followed a practical and straightforward strategic planning process that is no different in concept and outcome to the processes followed by the most successful businesses in the world - and it all started with asking the right questions.



Neville Lake is the author of six books including “The Strategic Planning Workbook,” which is an international best seller and part of The Sunday Times series of management books, and “The Greatest Planet in the Universe” a fast paced business novel.

Neville has visited over 100 world best practice organisations, has advised over 150 businesses and has been applauded by over 500,000 people around the world.

Neville specialises in facilitating strategic off-sites.

Please visit Neville on: www.lakegroup.com.au

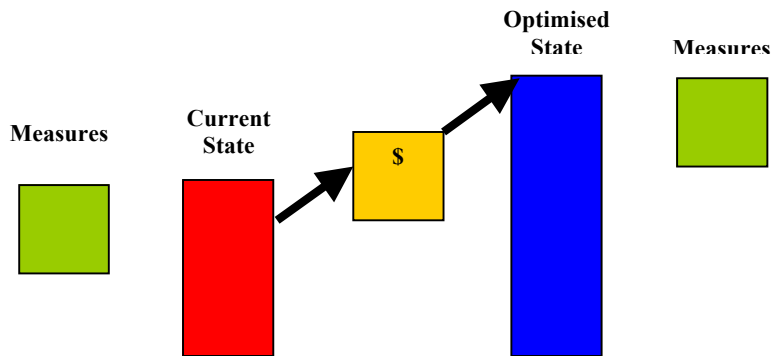
WORKSHEET

WHAT MAKES YOUR BUSINESS UNIQUE?

From your point of view:

From your customers' point of view:

WHAT IS POSSIBLE FOR YOUR BUSINESS IN THE NEXT 3 YEARS?



What would you have to do to optimise your business?

First step:

WHAT IS INSIDE/ OUTSIDE YOUR CIRCLE OF OPPORTUNITY

Inside:

Outside: