

A key fundamental truth about business

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In every facet of life, we are constantly reminded of the need to prepare. When you study the lives of the best athletes in the world, you will hear each of them stress the importance of **preparation**. Some athletes prepare to be competitive, while others prepare to dominate.

The most successful students in the world of academia will also tell

you that the key factors behind their successes are study and preparation. At a quantum pace, technology has been vastly improved in an effort to warn us all of any pending natural disaster, such as hurricanes, snowstorms, fires, lightning strikes, and the like, that could bring extended power outages or even physical harm. Such notification is

shared in advance with millions of people to help them prepare or set themselves up for success, given what is likely to occur.

Before writing this article, I had to consider my prospective audience. Upon taking this step, the most critical action was to “prepare”

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my thoughts in advance of writing. I had to recall and organize my thoughts concerning the most relevant experiences and examples that support why preparation is so important for the benefit of those who will read my article.

As an entrepreneur I have found that this key, fundamental truth regarding preparation is especially applicable to business as well. It is my hope that following this reading, each reader will be able to take a few thoughts and ideas from this message and apply them successfully to their respective business ventures.

What is “preparation” and how is it defined? The Oxford dictionary defines preparation as “the action or process of making ready or being made ready for use or consideration.” If we break this definition into manageable components, we will better understand how this “action or process” impacts businesses in a meaningful way.

First and foremost, we see that preparation is NOT simply a thought, idea, or gut feeling! Rather the foundational component of preparation involves an ACTION or PROCESS. Why is this component so important? Because approximately 20-25% of new businesses fail within the first year, according to U.S. Bureau of Labor Statistics data. While roughly one in five fails in year one, the failure rate increases to 50% by the end of year five!

A contributing factor behind such rampant failure is embedded in the lack of preparation. Too often, new businesses are run and led by those who engage in dreaming and ideation rather than action. That said, let's go back to the first element of preparation: “the action or process of.”

Action is the accomplishment of a thing usually over a period of time, in stages, or with the possibility of repetition. Similarly, a process involves a series of actions taken in order to achieve a particular end. Considering these two terms in tandem, it would be accurate to conclude that an action is a subset of a process, given a process involves a series of actions. The appropriate actions to be taken in the process of establishing a successful business do not simply happen by accident. It requires considerable thought and intentionality.

This reminds me of a quote I heard one of my first operational managers saying to our department regularly in the context of leadership. The quote was “do not make the mistake of thinking that being busy equates to being productive.” That quote has remained with me for over 30 years, and it still rings true more today than ever before. Transforming that quote to the context of this writing would sound like this, “dreaming of success does not equate to taking the necessary actions required to become successful.”

If leading a successful business involves an “action or a process,” then how does one determine what actions should be taken and what process(es) should be implemented? Well, let's go back to the definition of “preparation.” The definition clearly states that preparation is defined as the action or process of

“making ready” or being ready for use or consideration. I will vigorously contend that if a postmortem was performed on the majority of the businesses that failed within the first five years, it would be determined that it was this phase of development that represented the beginning of the end of the venture! While these business owners were busy with a flurry of activities, upon further consideration it would be found that the actions taken had very little impact or relevance to the “making ready” piece of preparation. Consider the effort, time, money, and all other resources that were expended in the advancement of the wrong actions. For a startup, this is a ticking time bomb leading to inevitable business collapse.

To avoid this entrepreneurial catastrophe, every business owner must embrace the discipline of extensive research. This will be critical in determining and clearly defining what “ready” truly entails for their respective business. This is achieved through the required market research to understand the fundamental supply and demand dynamics of one's chosen business venture.

Unfortunately, too many business owners allow the bright lights of their most optimistic dreams of their businesses to blind them to the vividly clear realities that are right before us. Too often significant efforts and resources are misdirected to hobbies that are “misidentified” as businesses.

So, what constitutes or represents the “ready for use or consideration” element of the definition above, in the context of intentional actions around establishing a business?

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My entrepreneurial journey has enabled me to offer this standard for readiness:

“Ready for use or consideration” means your business has been developed to the point where it is fully positioned to deliver a product or a service that meets or exceeds the needs AND expectations of its customers that is comparable to (or better than) its competitors.

Embedded in the statement above is the clear relationship between preparation (e.g., business readiness) and necessity of research! You cannot begin to reach a level of readiness without a clear picture of what readiness entails. This contemplates having a robust awareness of what your targeted customers need or want, and even expect, by way of the customer service experience. It also includes having an awareness of what service levels are currently being provided within the space you expect to compete. Finally, this element requires a true assessment of what limitations are associated with your business relative to resources available to your business, along with its ability to execute based on personnel, assets, business acumen, etc.

I would like to share the following advice with anyone who aspires to avoid one of the primary causes of business failure. It has been well documented throughout this article that the lack of preparation, primarily tied to insufficient research, is the critical flaw in the majority of failed

businesses in the U.S. I would highly suggest that one's research be performed from what I call “top to

bottom.” Read and study any and all information available that first provide insight into the dynamic relative to the overall economy. Is the macroeconomic environment conducive to robust spending or are most people exercising monetary caution? This detail sheds light on the prospects of success because the health of the economy impacts every element of the business world. The global or national economy represents the highest order of business. Sometimes the best business ideas are stifled because the overall health of the economy is not robust, hence determining that the timing is not good for that particular business venture.

After assessing the overall economy, I would then suggest you consider the climate of the market of choice. Simply defined, the market is the place where services or goods are transacted. For instance, the hospitality market, while extremely broad, can be studied for greater understanding and positioning. For example, to further understand a particular element of the hospitality

market, one should consider the market segmentation for a more streamlined understanding of specific segments within the hospitality market. In this particular hospitality scenario, a representation of market segmentation would be travel.

The final level of study or analysis would be at the industry level. In keeping with our example, the travel segment could then be filtered or funneled into business travel and/or leisure travel. This would provide an even more granular level of insight and understanding of the space in which one would then choose to compete. This learning would ultimately guide the business owner as to what immediate actions should be taken to prepare for competition, and even domination, within the business space.

In conclusion, I would like to remind you that a fundamental truth about business is that every entrepreneur would be well served to do extensive research on the economy, the market, the market segment, and finally the particular industry of interest. In doing this, each entrepreneur would be much better aware of what actions are needed to be prepared to not only enter the marketplace, but they would be better prepared to dominate their respective spaces. Better stated, they would have fully engaged in “the action or process of making (the business) ready for use or consideration.”

What this means is that the business owner will be sufficiently PREPARED to bring value to the marketplace at a very competitive level. **TEG**



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