

It's All About Process

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Every day people have ideas for better products or better services, imagining they've found the ticket to creating great businesses and massive wealth. But great businesses grow and thrive because they DON'T start with an idea for a product or service. Great businesses start with ideas about HOW to create products and services, followed by plans for how to develop, position, market, re-position, sell, distribute, finance and service the products and services. In short, for great businesses and great entrepreneurs, it's not about the product, it's about the process.

CHOOSING AN ENTITY

The process of building a great business starts with the choice of entity, the formal organization of the systematic activity. Your new business can be structured many ways, most commonly as a corporation, limited liability company or partnership. There are advantages and disadvantages to each type, and there are several important factors to consider, including:

Tax treatment for the entity and owners.

- Liability of the owners.
- Transferability of ownership.
- Number of co-owners.
- Ease of obtaining equity financing.
- Requirements of investors.
- Cost of formation.

Understanding these factors, combined with your specific goals, will help you to determine the best type of entity for your business. The choice of entity however, is as much about how the company wants to do its business as it is about what the company does.

SELECTING ADVISORS

The process continues with the creation of an advisory board or group of experienced business executives who can:

- Help the future Great Business focus on what processes are most important at each phase of development;
- Put the right people in the right places doing the right things for the company;
- Develop a refined business strategy in the form of a business plan, an elevator pitch, an investor presentation and so forth;
- Critique the development of the product or service revenue model; and

- Stay with the entrepreneur, praising success and encouraging improvement.

Rarely will the experience, passion, vision, ideas, plans, and contacts of one entrepreneur create a great business. Thus, an entrepreneur's willingness to enlist (and listen to) advisors will affect the success of the enterprise. Advisors should be individually and collectively teachers, counselors, mentors, and coaches. They are often drawn from the ranks of successful business owners and operators known by the entrepreneur, potential customers and strategic partners, potential investors, potential employees, attorneys, accountants, public relations and marketing providers, bankers and others, who understand the process of building great businesses who share the entrepreneur's passion for building a great business. It doesn't matter that the advisors may not understand all the nuances and intricacies of the particular field the company starts out in. What matters is that the advisors are passionate about what they do.

LONG TERM PLANNING AND BRANDING

Early management of a great business will also develop processes for long term product development and intellectual property protection. A great business will also will look for ways to brand itself and what it stands for, as well as its particular products or services. In fact, the best great businesses excel at creating a company brand that can be summed up in a single word or concept.

PROTECTING INTELLECTUAL PROPERTY

How a great business thinks (and gets passionate) about its internal process and product development process and protects its intellectual property has far reaching implications. In terms of founders, it affects their relationship, their relative ownership of the enterprise, and on what terms they will leave the enterprise should another opportunity arise, or should the company be sold. In terms of employees, it affects who is hired, how people are hired, the terms and conditions of employment, work environment, and policies concerning ownership of intellectual property, employment benefits, vacation, sick pay, medical leave, sabbaticals, termination, pension plans and contributions, and other topics that motivate and create passionate employees. In terms of third parties it affects, among other things, ownership of inventions and product improvements, development and acquisition strategies, strategic arrangements, relationships with vendors, suppliers, partners and even competitors, sales, distribution and licensing strategies, disclosure and dissemination of information, product maintenance and service agreements, customer service and investor relations. Once a company has the process in place, people will share their passion for the business because there is a systematic way of thinking about the company, handling ideas for new products and services, and perfecting ideas for making current products and services better. And that process is the heart and soul of the Great Business.