

# 8-20-20 Episode 5 of 5--Phase 4 Evolution

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## SUMMARY KEYWORDS

business, phase, evolution, decline, people, mature, evolve, continue, foundations, specialized, constantly, point, bit, customer, revenue, understand, created, boat, slinky, quiz



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Hey, everyone, welcome to another episode of legendary leaders.



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Today is episode number five in a series of five focusing in on understanding the phases of a business, right and then understanding if you know which phase your businesses in, you can confidently tackle the right actions at the right times in order to propel your business forward. It's so essential. You know, so many people start a business, and they don't understand the phases. So if you don't understand the phases, you don't know what you need to be doing. Now, I will tell you before I jump into phase number four, I think for all of us that have started a business, you know that initially, you're just out there trying to test as much as possible and trying to get the business up and going. Phase One is pretty easy to understand. Right? But you know, at the same time, are you doing things that that you should have done in phase three that you should hold off on, but you're doing it in phase one, right, because you just know in general business needs to do that. Businesses need people. So maybe I need to go ahead and hire a bunch of people.



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Not necessarily right, it depends on your face. And so



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that's why I've taken the time to create this miniseries because it's so critically important. I will tell you that through running the businesses that I've run either ones that I've owned, or currently owned, as well as that were owned by other people, and I work for them. You know,

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every business,

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you have to decide what phase they're in. So you know, the action you need to take. It's so critically important understanding that ultimately drives the success that you're going to have in your business. So I want you to think about that if you

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are unsure again, if you're unsure

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of which phase your

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business is in, I want you to go to legend leaders comm backlash quiz, and I want you to take the quiz.

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I want you to go in. It's got eight questions on

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there, answer the questions. In less than five minutes, you're going to have the results in front of you. You'll also get an email with the results so that you can hang on to that back to it later. But that's what I want you to do. Go check it out which phase of the four

business phases are you in? Now today we're focused on the very last phase, okay? Some people call it different things. Some people actually take the mature phase, and they move it into a, you know, a further mature phase and the mature phase just extends, if the mature phase doesn't extend, what happens is you go into a decline. And if you can't pull your business out of a decline, it's actually essentially the death of your business. Okay? And we see that happening in the industry all the time, where companies are going bankrupt, because they cannot move the business forward. They move from a mature phase to a decline to to death,



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really, okay? Just just like any other lifecycle, there, there is death in the business cycle if you're not careful.



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And so what is phase four, if it's not death,



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which is not we're not going to go down that pathway. What do I call phase four, I call phase four. Evolution. And evolution is critically important. Because



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you have to,



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as a business leader, evolve your business, okay? Your Business has to continue to evolve in order to avoid death. It's It's really that simple. And so let me tell you a little bit about what you see in the evolution phase and how you feel. Okay? So what's happening in the business when you're in an evolution phase? Well, you have solid revenue, still, that hasn't changed. You've got strong profits,



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okay? Your company is very much worth something. Now.



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You reinvest money into your business, but you don't have to invest so much that you have no profit left over you generate a strong profit. Right. Your overall financial performance is like a well oiled machine. I mean, it is clicking everything is running. And that started happening in the mature phase, but you are still seeing it happen right now in evolution. Okay. And remember how in yesterday's episode I talked about the fact that your mature business is like a machine, right? You created this machine and to continue to make the machine run the way you need it to you had to lay certain foundations. Well, now in the evolution phase, your business is reaping the rewards of essentially creating the foundation, the machine because it is a machine.



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Right? Everything has a place,



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everything has a purpose. Everything has a momentum, this that's created, it's moving, it's forward, moving it forward. It's just



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it is a machine.



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You have from a business



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perspective, that's just a financial perspective. From a business perspective, from a people perspective. Not only do you have managers like you had in in the mature phase, you have a solid leadership team. many instances at this point you have a full C suite. You have multiple layers of leadership throughout your organization. And every single person



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owns a specific piece



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of the business. There's no sharing of roles. What that like had to happen in the sort of phase, right? Or even the growth phase where you maybe had two or three people, and they did everything. You have specialized teams, and specialized leaders for those teams, you have hired people that are specialized. And you've done that purposefully because you need that specialization at this point in your business. Okay? You have processes and procedures in place, you've already done that. That was the mature process that was a mature phase, right? They're all well documented, and you're continuing to perfect those, right? That's not a one and done that is a constant. You're constantly iterating off of that it's



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constant evolution,



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right. And that's why this is called evolution.



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you're focused on continued efficiency gains in the business



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while you're perfecting what you do,



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this is, you know, there's a ratio that they talk about here. And



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it's it's really the The time



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investment versus the people investment or the reward. The output is incorrect that I'm struggling for the words I know what they are. Hello, Katrina is the output versus efficiency and productivity ratio, okay? output versus productivity ratio,



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where you are trying to increase your output produce



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as



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much as possible with the least amount of headcount or energy



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put into it. Now,



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I'm not talking about firing everybody I'm talking about you're building such efficient routines



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that maybe in the past, you could get



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50 widgets out of your business with a headcount of 100 people, but through policies, procedures, efficiencies, specialization, you're now able to get 100 widgets out with 50 people doing the work, right. And so you continue to try to get efficiency gains, focusing on that output, and productivity ratio. Okay. So that's all thing that you get to focus on in the evolution phase. But



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the other thing that you need to be aware of here is



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because you you're big. Like I said, You're a machine.



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You're getting efficient.



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You're continually processing people, foundations, you're very specialized with a leadership team beneath you. Okay, but the other thing that you need to be aware of is now with the revenue that you're generating, you can become a target in the marketplace. And that's not a good thing necessarily.



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Okay.



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You want to become a people customer magnet, your find to be a magnet for revenue and positive growth. You want to absolutely repel any type of targeted activity from a legal perspective. Okay. You want to, at this point, if you don't have a legal team to help you with some of your pieces of business, you need to have a legal team.



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No doubt there may be some litigation.



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It could be in the industry, it could be with a number of people that you've hired at this point.



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Which, you know, it's probably over 200,



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I would imagine, again, I'm speaking in generalities of numbers,



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right,



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but there's so many moving parts to your business. Now, the fact or the idea that you wouldn't get in some sort of litigation



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is, is just highly unlikely you're going to face it at some point. And the more revenue you generate, the more people you're going to hire, the broader your business is going to be, the higher the likelihood that's just gonna happen. I mean, that's just reality of business. You could have started to see that a little bit in the mature phase. If you didn't, you're gonna see it now. Potentially, okay. So just be prepared for it. Don't go in blindly, just be prepared for it.



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Now, when you



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entered into the mature phase, remember you had a mindset shift. You needed to be agile enough to feel comfortable laying foundations, but you needed to feel comfortable in the uncomfortable you needed to feel like you could lock yourself into policies and procedures and understand that that's not going to limit you



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Now in the evolution phase, your



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mindsets gonna have to shift again,



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you're gonna have to learn how to take your huge business that doesn't feel very agile right now, especially because you've put in some strong foundations, right and foundations aren't meant to move, right? But what you're gonna have to do is continue to adapt in the industry while maintaining the structure that you've created.



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Now,



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it's kind of like



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I use the analogy at this phase of steering a huge boat, huge tanker, ship, cargo ship, cruise ship, it doesn't matter. If you can look out into the ocean, and you're driving this this boat, right? And you can see ahead that you need to to adjust course there's something in

front of you in your way. If you can recognize it, far enough out, you can turn that huge machine have a vote. You can alter the course. And you can avoid the danger. You can do it. But what has to happen, you have to actually be looking ahead. You have to ask yourself, Is there something in my way and



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proactively be looking for it.



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And then you have to take all the actions and the steps to actually turn the boat and change the course. So you see what i'm saying there are purposeful things you have to do to look for the need to change course.



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A lot of people in the evolution phase



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the reason why they don't make it there, they stay in mature and then the decline is because they're not looking for whatever it is in the ocean, right an island or something that has suddenly come up and was never there before. Or who knows another boat that's sitting there, whatever it could be, they're not looking for that obstacle that's in their way. They're just enjoying the fruits of their labor. They think this is going to last forever. They don't adapt. And so that's that's how they miss the evolution phase evolution in and of itself. Is you adapting as you look forward to say, what's changing in the industry? How can we continue to be the answer to our customer or client? How can we continue to evolve appropriately,



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still maintaining who we are



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still executing at the level our customers expect, still being specialized and taking care of the people that we've committed to in this organization, but at the same time evolving and changing course because we want to survive in this industry. Right. Now, that in and of itself is also a mindset shift. You have to start saying to yourself, what I've been doing is okay, but it may not be enough anymore. It may not be good enough. It may not be what the customers want, it may not be sustainable any longer. And you have to start questioning that reality. So remember, in the growth phase, you had to tell yourself, hey, this number one idea that I validated startup, I gotta run fast and I've got to invest



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everything that



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I've got into it because it is the moneymaker it is the answer to this company's prayers. And you convinced yourself of that you settle down into an idea. And then you further solidify that idea in the mature phase. And so now I'm telling you in the evolution phase that you've got to pull yourself out of that. I am. I am, you've got to go back to a bit of a, I'm not gonna say a full startup mentality. But you constantly have to be validating new ideas and validating that it's going to fit with your niche or finding a new niche, a new sub niche, right, who's your customer and testing in the marketplace and creating new lines of business had maybe you were doing that in the mature phase. But in essence, the way that I defined evolution is you are seeing what else is needed in the end And you are making your business the answer to that your business is the answer to that change. And so some of you may have had a mature phase that lasted,



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I don't know,



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five to eight years. Easy. And it becomes so easy



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to become complacent over that time.



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But to continue to build



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your legacy, which is what this company can be for you, if you're in the phase four, and you don't want to go down the decline phase, you got to go in the evolution phase. Now the evolution phase, you're gonna have some decline. So let me call that out for a second.



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Evolution, think about it like a circular,



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like a slinky. Think about it like a slinky or a spring, right? Which



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a slinky is a spring.



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Think about the fact that as you look at the curvature of that slinky,



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there's a



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downward point, so you actually decline a little bit, and then you go up, and you improve, and you get a little bit higher and you produce evolution is that



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circle is that cycle of a



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loop. Bit of decline because you're making changes, you may fail at a couple of offerings.



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Okay, there's a little bit of decline.



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But something you have research something you have found the changes that you've made, the new product line that you've generated, starts to take off until you spike up. And you go to, you know, the top of that circle, again, that evolutionary circle so that over time, you're continuing to move up into the Right, right, we say that in business when we're talking about a graph, if you're looking at a graph and you're looking at the trajectory of your business, you continue to go up into



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the right you're continuing to grow



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right there's no consistent decline because that would lead to death right? It's a consistent upward to the right movement. Is there some decline off and on maybe you can also visualize like a sawtooth on a saw right? Where you go up a little bit and down and up a little bit and down but overarching Lee, you're moving up into the right your business is still growing. Why? Because you're evolving because You



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become the solution in the marketplace.



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Because now you've got all these specialized people, and you have the revenue to support, bringing in consultants or, you know, hiring specialized people around the strategy. And you do the research was exciting, right? Think about the reason if you started your business, you were excited as an entrepreneur to come up with a new idea. So now you get to go back to being that creative mind again, which is exciting and powerful. But not only do you get to do that you have an amazing team of talent around you that can help you test and try bounce ideas off of you're not alone. In this startup mentality, you have everyone around you this talent to help you go through this evolution and create a sustainable business is constantly evolving in the marketplace but stays the answer to the business needs. If that feels like you, you're probably in the fourth phase, the evolution phase, you have a large headcount, you're making a substantial amount of money. Typically, again, I'm going to talk in generalities probably Over \$10 million at this



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point,



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that's not a hard and fast rule. Okay? There are some mature businesses that are making more than \$10 million. But what what happens that transition from mature to evolution is when you start to look into the future or you look down the road, or further out in the ocean, right, if you're driving your boat, if your business is your is your cruise ship, and you see the need to pivot to change, to alter your course, change course a little bit so that you can go even faster to go somewhere even better than where you were actually originally aiming for. That's the entire point. And that's when you shift over to evolution. And you get into a cycle of improvement. Okay, growth, a little bit of decline, growth, little decline, but overall, it's a cycle and you constantly you consistently I'm going to say constantly because that was a that was a miss misspeaking on my part, you know, I misspoke, so you're on a contract. evolved, but you were consistently doing that over a period of several years, to, you know, five to eight years, maybe it depends on the significant amount of change you're making in your business. And it depends on how long you you take to execute it, and how long you can ride off of that growth. Right? Because think about it, when you're in the evolution phase, it's just sub many phases of a startup idea to growing the idea to living off the mature idea to then evolving again, right? evolution is essentially all of these phases in one. But it happens in a mature business. So the easiest way to describe it,



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so if you feel like you're living in that world,



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or you work for a company that is in that world, understand that that's the perspective and that's, that's how you may feel and that's what's going on around you. But if you're unsure, go take the quiz. Right lock it in know for certain that this is where your business is because this is really empty. It, this is at any point, right any point throughout the phases, we could cause our business to decline. But many people in that mature phase will enjoy the fruits of their labor and stay in that phase too long and they will decline it will be hard to pull that business out of that downfall. Okay, takes a lot of effort. It takes a lot of muscle and strength. And we don't want to get you there. So, understand if you've been riding the wave of a mature business for a while, sit down and think is it time to evolve? What else is on the horizon? Let me start to move my business into this evolution phase, so that I can sustain it and survive whatever is changing in the industry. Alright, I hope that you have enjoyed this mini series. I have so much enjoyed bringing this to you. This is exactly what legend leaders does. We focus on understanding where our clients are in their business phases, and helping them be successful in every phase based on their strengths based on their weaknesses, and its overarching Lee helping them build process. Because there are processes that have to happen in every phase in order to ensure your success. So, go take the quiz if you haven't already legislators comm backlash quiz, and if we can help you with any phase of your business, please don't hesitate to let us know that's exactly what we're here for. Go and be legendary.