

Sailing to Maui

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Several years ago, a client asked me, "How do you run a business?" After a couple minutes thought, I told him this story.

I told him that running a business is just like sailing to Maui. Such a voyage consists of several distinct elements, each of which translates well to running a business.

First, you must figure out where you are. If you are planning to sail somewhere, you look at a chart and determine your beginning position (latitude and longitude). In business, this step is much the same. Where is your business today? You determine your business position by looking at the "charts" of business; your balance sheet, income statement, cash flow statement. You also review other standard business reports such as accounts receivable aging reports, inventory turns, etc. With this information, you can state exactly where you are when you start your journey, either embarking on a voyage or moving toward business success.

Second, you must determine your destination. Maui still sounds like a good place to go, so you look at a marine chart, locate Maui on the chart, and determine its exact position (latitude and longitude). Again, the business process is much the same. Where do you want to go? What is your business destination? Or, to use business terms, what are your business goals? What are your goals in terms of revenues, operating costs, profitability, and market share? Determining a business goal can be a little more complicated than picking a port of call for a boat trip. To make such a determination, we use tools such as budgets and projections as well as brainstorming and planning sessions. Where do we want to be next year, in 5 years, in 10? These goals are analogous to our final sailing destination.

Now that we know where we are and where we are going, how do we get there? That's our third step in this process, determining how to reach our destination. In sailing, we simply lay the charts out on a table and draw our course. In business it's a little more complex. We have to look at where we are, where we want to be, and determine what we need to do to get to our stated goal. "Charting a course" is common terminology in both sailing and business. We must determine the steps to our goal and lay out a plan (or course) to accomplish those steps.

Fourth, you must prepare for the journey by gathering the resources you will require. To sail to Maui, you will need provisions, equipment, spare sails, fuel for backup engines, and a skilled crew. For the business journey, the needs are similar. You need money. This may be operating funds to tide you over as you make some changes, or it may be money for new equipment, supplies, and space. You will also need a "crew", better known in business as employees. You need a certain number of people and a certain mix of skills. Do you hire those skills or train existing staff? Do you need particular skills full time, or is part-time sufficient? For high level or very specific skills, it may make more sense to use an outside advisor or consultant. Asking these questions and doing this type of analysis will help ensure success.

So now we have our beginning point, we have a goal, we have a plan to reach our goal and we have the resources we need. We set out on our journey, either sailing or navigating the choppy waters of business. In both, we need to monitor our progress toward our goal to ensure that we continue to head in the right direction. In sailing, you can use the Global Positioning System (GPS) if you are a geek or star sightings if you are a purist. In business, our "GPS" consists of such tools as balance sheets, income statements, and cash flow statements. We compare these reports to our projections and goals to determine if we are still on the right course. This ongoing monitoring process is the fifth step.

If we determine that the course we are pursuing will not get us to our stated goal, we need to make a midcourse correction. There is no shame in recognizing that our course (or plan of action) will not get us to our goal and taking corrective action. NASA makes midcourse corrections to the flight paths of its vehicles - satellites, space shuttles - all the time as a matter of course and no one questions this. Should we be any less observant and responsive as business people?

As we sail to Maui, many things can take us "off course" - currents, wind, inattention to the compass heading, tides, storms, and many other diversions. The same is true in business. There are so many external forces affecting the daily course of business. To name a few, there is the state of the general economy, government actions/changes in taxes or regulations, competition, advances in technology, demographic changes, national crises such as 9/11, and natural disasters such as earthquakes and hurricanes. Whether sailing to Maui or navigating the course of a business, we must constantly monitor our progress and make necessary corrections to remain "on course" and moving toward our goal. Making mid-course corrections is the sixth step in our journey.

As we move forward, we must periodically evaluate the destination itself. Is it still valid? Is this still where we want our business or sailboat to go? Perhaps we have decided that Maui is too crowded with tourists and we want to sail a little further to the quieter island of Kauai. Even in business, sometimes our ultimate goal must change. This is our seventh step.

In summary, running a business is a dynamic exercise of setting a goal, determining a course, monitoring progress, making course corrections as needed, and making sure the destination is still desirable. The business journey is never static. It is evolving and ever changing. It requires active management. It is NOT a spectator sport. This is what makes business engrossing, exciting, invigorating and downright fun. And I am still having fun!

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