



# **Empowering Your Team Through *The 5 Pillars of Sound Business***

Business leaders and management teams know all too well the importance of being ready for anything. Nothing changes without a plan.

We understand the need to take things day-by-day, but losing sight of the big picture can be dangerous for your company's long-term health. Something that has helped countless businesses — including Sage Business Counsel! — is using *The 5 Pillars of Sound Business* to craft a comprehensive, holistic business plan that includes legal strategy and compliance so your enterprise can grow and scale *confidently*.

By paying close attention to how the law and regulations impact each pillar of the business, leaders can improve operations, empower the team, and wow clients without the crash and burn effect of only focusing on the fancy gadgets and the latest shiny objects. After all, those things will change rapidly while the law changes slowly. A better investment of time and money is to invest in the business strategy that will have the biggest impact for the longest period of time.

## **Pillar 1 — Sales and Marketing**

When we advise clients on hitting their business goals, the first thing we look at is the company's sales and marketing operations. Without compliant sales and marketing

policies, sustained growth is near impossible. When analyzing your company's sales and marketing operations, check to see whether these questions can be answered confidently and proudly:

1. Does the company's website and social media presence present potential clients or customers with clear terms of use, privacy, and data collection policies?
2. Does the company's website comply with federal law, including the ADA?
3. Is the company's advertising truthful? Does it fairly depict its services or products?
4. Are the company's ads considered unlawful spam?
5. Do company products have clear and compliant labeling?
6. Does the company use a service contract specifically tailored to its unique offerings or is it using a template drafted by a non-legal expert?
7. Is the company messaging tolerant and inclusive, or divisive and exclusive? If the latter, does that approach comply with your company's policies against discrimination and harassment? Is the messaging aligned with the company's values?
8. Has the company effectively trained the sales team on what the delivered product or service is and isn't? Do sales professionals have defined parameters for what can and cannot be said or done during a sale?
9. How does the customer or client transition from sale to production? Is there alignment between teams that is documented for each customer or client? If not, is that intentional due to the practical realities of the business or is it unintentional due to a failure to clearly define the sale to close business cycle?

In today's competitive landscape, it is no longer enough to simply have the best product or service. Growing companies have to recognize that with their greater market share comes greater business compliance hurdles. Laws and regulations can change at any time. If the company does not have dedicated compliance or legal counsel, it could be at risk to use those hard-earned profits for lawsuit or audit defense.

If these critical business departments operate effectively and efficiently because the entire pipeline is planned, curated, and legally compliant, the other pillars of your

business will be put to work producing more and more for happy customers! Someone needs to be accountable so that the company can know what is broken and quickly correct errors. A strong plan will help the business do that more effectively so that as it grows, your team is confident that it is growing responsibly.

## **Pillar 2 — Production and Delivery**

Production and delivery is the heartbeat of any business. It delivers to your customers what your sales and marketing team communicated, and agreed, would be delivered. Client trust can be irreparably damaged if your production and delivery team doesn't follow through.

Immediately remove any barriers that prevent products or services from being delivered as promised, and *immediately* fix anything that goes wrong. When reviewing the production and delivery process, these questions can identify where the business may be at risk for customer complaints, refusal to pay, or worse, a customer related lawsuit... ouch!

1. Does the company have a defined intellectual property (IP) policy? Have employees been trained on how to protect company IP in the delivery of products or services?
2. Is there a clearly defined production cycle where every team member understands where their specific skills and autonomy are required, and when to ask for supervisory help?
3. Does the company effectively define the deliverables to the client? Is there consistent scope creep that cripples the production or creates financial burdens on the business?
4. What happens when a customer or client is unhappy? Is there someone dedicated to fielding these complaints to avoid online reputation issues?
5. Who manages the online reputation of the company, and does that person have clearly defined parameters for how to respond to negative reviews?

6. Does the company have effective customer acceptance policies? Is there a clearly defined timeline or milestone that indicates automatic acceptance so that the company is not on the hook for possible errors many months after delivery?
7. How does the company document its net promoter score? Are customers happy from sale to close? How does the business know customers are happy?
8. Does the business require deposits or down payments ahead of production? If not, why not? Is there a misunderstanding within the management about what this requires?
9. At or before delivery, how does the company get paid? Is there a defined payment policy before the client receives the final product?

It's crucial to have clear, well-documented, and repeatable processes for company employees. Many customers will want to know as much as possible about this part of your business, so it could be useful to have sufficient information on your website to pre-emptively answer any questions and set expectations. Then, once they engage with your company, the contract or product description should enhance the story and define the details so that clients can stay happy from sale to close.

### **Pillar 3 — Human Resources**

There's no way around it—all businesses need the right people in the right positions to get where it wants to go. The right people will do far more for your business than simply execute tasks and draw a salary—they will help innovate and grow the business in alignment with the core values and strategic plan. In other words, when a company *invests* in employees, the team brings exponential return.

How does your company measure up?

1. Are prospective employees provided with a written application that identifies non-discriminatory practices? Does the application give the company the lawful right to pull criminal or credit history? Does the application define terms clearly? Is it offered in ADA-compliant formats for persons with disabilities?

2. Does the company have defined core values and published financial and market goals? How do employees know if they are on track?
3. Is there a written employment policy that is specifically curated for the company?
4. Are employees and independent contractors properly categorized for tax purposes?
5. Are all workers legally authorized to work in the United States? Does the company have an immigration compliance policy?
6. Does the company clearly define time off, sick leave, and other time-related policies, such as tracking time?
7. Are there defined non-discrimination and anti-harassment policies?
8. How are performance reviews conducted? How often? Is there a written documentation procedure equally applied to all workers?
9. What happens if there is an HR grievance? How does the company protect whistleblowers?

When a company places a high priority on its people, the rewards are immediate. The team feels protected and valued and in turn, employees convey this same approach to the company's customers. On the flip side, when a company views its people as a cost of doing business, the entire structure of the business is built on negative principles and, like a house of cards, will begin to crumble before it can be completely built.

## **Pillar 4 — Ownership and Management**

Management and ownership goals should include more than just “making money.” Sadly, this is where many business leaders fall short. Instead of investing in themselves with leadership training and boots on the ground conversations with the team, they focus on the P/L, Balance Sheet, and net profit margin. Of course money is important—without it, a business will die—but losing sight of the policies and procedures necessary to keep the leadership team operating effectively can have disastrous consequences.

Does your company protect itself from lackadaisical leaders? Answers to these questions will help your team find out:

1. Is ownership clearly defined in a written document such as a partnership agreement, operating agreement, or bylaws?
2. Does the company restrict who can own in the event of the death, disability, or bankruptcy of an owner? How does it protect an owner's family in this situation while also protecting the business from outsiders coming in without proper knowledge or experience?
3. Do company owners take an active or inactive role in the management of the business? If inactive, how do they keep tabs on *The 5 Pillars of Sound Business*?
4. Is management equipped with clear policies for hiring, firing, and retaining employees?
5. Does management know and agree with the company's vision and core values? How is this communicated and tracked?
6. Does the company support management with training and team building exercises to keep them aligned with the goals of the business?
7. Are owners and/or managers taking necessary time off to rest and refresh themselves, or is there a culture of burnout? Is the hustle of the company prioritized over the health of its leaders?
8. Are managers aware of the key performance indicators of their team members? How about their *own* KPIs?
9. Does the company hold an annual, or better yet, quarterly, meetings where all managers are present and provided time to share feedback?

Managers and owners are more than mere drivers in the business. They are the examples that all others follow. If the company is not protecting its leaders, how can employees or customers know that they will be protected? In today's market, loyalty is shown by more than a paycheck...it is shown by intentional leadership.

## **Pillar 5 – Financial Controls**

The bedrock of all sustainable enterprises is sound financial controls. More than simply the profit or loss, a sustainable operation will prioritize even the smallest indicator of success or failure. How does your company stack up to its competition?

1. Does the company know and clearly define for its team the average cost of sale or goods?
2. Are employees empowered to know what financial success for their role looks like?
3. How can management communicate a broken system or cycle where hard earned dollars are being lost?
4. Does the accounting department stall important new decisions with rigid financial fears that are maligned with the company's vision for rapid growth?
5. If the company is in or wants to create a rapid growth cycle, has this been communicated to the entire team? Does the company have any "red light" policies that give its team an idea of when to call for help?
6. Has the company clearly defined its monthly, quarterly, and yearly financial targets?
7. Are sales commissions and marketing spend actually tied to the average value of the customer or based on feelings more than financials?
8. Does the company have a dedicated payroll, accounts payable, and accounts receivable department or personnel?
9. Who audits invoices and payment? Who has signing authority for the company? How does the company protect against theft and embezzlement?

More important than making money is deploying it effectively by protecting it from malfeasance, poor management, and loose controls. Managers and owners must prioritize the management of the business finances, both in and out. Paramount to this idea is systematizing the business around *The 5 Pillars of Sound Business*.

## **Implementing the Strategy**

To execute *The 5 Pillars of Sound Business* effectively, companies must have buy-in from every member of the organization. The sales and marketing staff, HR department, production and delivery team, and other management personnel must be on the same page. Establishing regular meetings to reiterate your company's overarching goals is useful and necessary.

One last piece of advice: don't be afraid to ask for help. Lean on your mentors, colleagues, and, yes, your legal team. Sage Business Counsel can do much more than take care of your company's contracts. We can be the business's confidential advisors to help optimize its long-term growth strategy while its internal leaders focus on getting the job done. If the company has a goal to grow quickly, there is no time to waste on ill-equipped policies and systems. Now is the time to get a strategic business advisor who can actually take this important work of the leadership and help propel the team forward with confidence!

Sage Business Counsel helps innovative businesses grow and scale by protecting what the founders, investors, and management team have built. To set up a consultation with our team, please fill out a form on our website or call us today.