



THE NEXT BIG DECISION – ARE YOU READY?

April 2011

This month's newsletter is a continuation of the discussion on the Next Big Decision. In the last edition we addressed the prioritization of the issues facing business owners and how these issues are really driven by the owner's long term objectives. This month we will discuss how prepared the business is to execute the owner's plan.

Just wanting to go somewhere doesn't mean you have the vehicle to get there. Let's say an owner has put a lot of thought into their situation, perhaps even engaged their advisors, and has decided the best action for the long term health of the business is to diversify into another product line. It is just a matter of finding the money, right? Well it is more complicated than that, even if the company is in a strong financial position.

Whether an owner is using their own money or OPM (Other People's Money), any investment decision must include a brutally honest evaluation of how ready the company is to perform. How well is the company positioned to successfully manage a new initiative? How will the strengths and weaknesses of the business impact the success of a new investment? Are there things that need to be fixed before launching the effort?

Too often we see owners dive into major decisions on a hunch or looking at only part of the challenge. The way we help owners answer those questions is to look deep inside the business and evaluate it the way an outside investor would. In our experience savvy investors look across six major dimensions:

- **Financial Strength and Performance (Company and Industry)**
- **Current Product Mix**
- **Current Customer Base**
- **Sales and Marketing Skills**
- **Operational and Supply Chain Skills**
- **Management and Organizational Skills**

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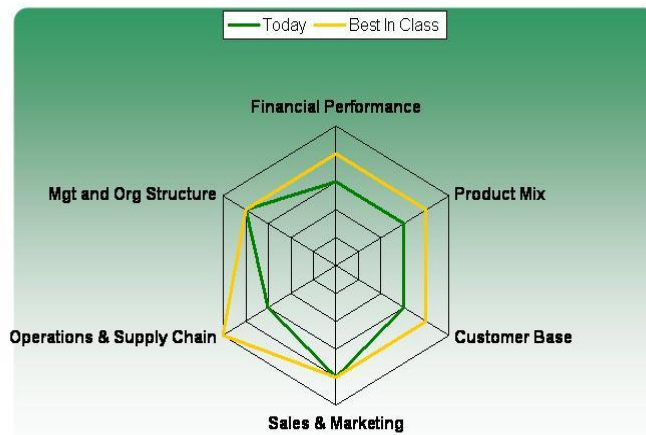
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This kind of analysis can be a little tedious, but we use a graphic diagnostic tool to simplify the picture for owners. This chart, properly used, can help an owner understand how well they are positioned, and if not ready, tells them where to focus their efforts. It is easier, and much less expensive, to fix things at this point than to fix them after they make the investment and hit a wall.



Business Value – External View



Go to our website (www.fulcrumpartners.biz) and try out the positioning diagnostic tool under the consulting tab, “How Is Your Business Positioned”. An owner can get some value just by honestly rating their business in these six areas compared to the best companies they know. They can get even more value by engaging Fulcrum Partners to help them understand not only how an outsider would rate them, but what they need to do to get things on track.

Next month we will explore the timing dimension of the Next Big Decision – what is the proper Window of Opportunity? In the meantime if you have a client wrestling with these types of issues, direct them to our website, or even better, suggest an initial meeting with us to explore the issues centermost on their mind.

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