

Growth Guru Guild

A monthly newsletter for Growth Guru partners and friends

October 2023



Greed – Grace – Greatness

Part 1 of a 2 Part Series

Greed and a lack of Grace keep leaders from Greatness! At Growth Guru we are all about “Thinking Bigger Business” and, what it takes for a company to grow and scale profitably. So, let’s say right away that profit is not an ugly word for business. Profit is essential for a healthy company and should be one of the key goals a leader is always keeping an eye on. Also, like we shared in last month’s letter, accountability is necessary in leadership, but there are times where individual grace is crucial. We are leading humans, not robots and at times “life” happens so we must give grace to earn an employee’s trust and dedication. Great leaders grow great companies, and they do so by not being greedy with company cash, as well as by providing grace to their team members when they need it.

Greed – Building a company takes time. When it begins to bear fruit, be careful how that “fruit” is harvested and reinvested in people and the enterprise.

1. Normalize the business – Normalizing means the company has grown company to a place where you can predict, within reason, your future revenues, and cash flow. It also means that you have developed proven and written processes for all essential core activities. Up until that point, all profits (other than your own regular salary) go back into the business. This is something you need to share with your key executives and leaders. They each need to know your vision and what the journey is going to look like.
2. Build a reserve fund – A reserve fund is enough protected cash so you can pay all fixed expenses for 90 days without any revenue.
3. Think of your business as an annuity -- A well-run business produces cash for many years to come and builds value. Don’t limit growth by limiting resources. Develop yourself and your employees. Get to a point where you replace yourself. When you get to this point, you have a company with real value. If you need to work in the business every day to make it produce, you have not created a business, you have created a job for yourself.
4. Develop a profit-sharing plan, for yourself, your employees, and your company – Before you start taking distributions from your company, design a distribution formula. An example might be 50% ownership, 40% employees, and 10% to a community-based service your company feels strongly about supporting.



Growth Guru take-a-ways,

- Yes, pay yourself in terms of a necessary salary first, but any other distributions are not paid out until you have normalized your business and you have processes to grow and scale.
- Develop a profit-sharing plan before you ever start distributing profits to yourself, your employees, and your community.

In Part 2 of this series, we will discuss the importance of grace in building a GREAT company.

If you would like more information about growing your company’s Greatness, please contact our team.

Sincerely,
Rick Faber, Guru and Founder