



Transform Your Lifestyle Business Into One For Growth And Profit

6 Steps For Getting It Done

Analyze your personal and business goals, see if your goals align with your parent company and if they do, change your change your Lifestyle Business into a Business For Profit and Growth.

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How To Turn Your Lifestyle Business Into A Business For Profit And Growth

Understanding the difference

In order to transform a Lifestyle Business into a Business for Profit and Growth (BFPG) we must first understand what the difference between the two types of businesses.

A **Lifestyle Business** is run by its owner primarily with the aim of sustaining a particular level of income and no more; or to provide a foundation from which to enjoy a particular lifestyle.



This type of business is a means to provide for certain things like a family or other things important to the owner.

In our case, a contractor may not want to grow to be very large. A business that becomes too big might prevent the founder from enjoying life or remaining personally involved in the work.

Advantages of operating a lifestyle company include being able to easily control the company on your own, being able to continue to do what you love without having too much risk, having a positive cash flow from the early going, only having to report to yourself, having a relatively constant cash flow, and being able to take time off whenever you want.

Disadvantages include not being able to hire top talent (as talented people usually avoid companies that offer no stock options and only limited opportunities for personal growth) and not having the chance for huge gains.

In the past, the majority of FXG contractors were lifestyle type operations.

Businesses owned for Profit and Growth (BFPG) on the other hand are owned and operated in order to provide a return, usually large enough to justify the risk, on an investment of money and time.

BFPG's must be built large enough to support an infrastructure that will not



require the day-to-day intervention of the owner. This is the main difference between an FXG contractor of the past and the evolving ISP contractor business model. But there are many other as you will see. The business model of a single contractor owning and operating

a single or just a few vans is and has been on the way out.



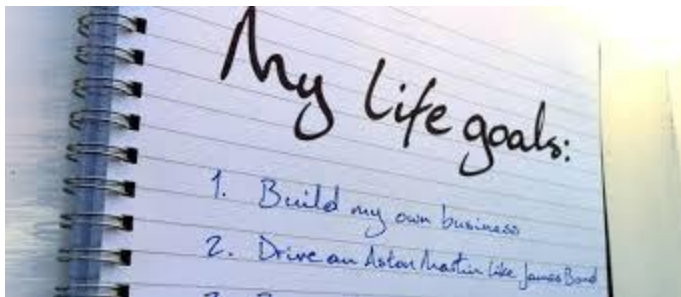
Advantages of owning a BFPG include the possibility for large returns on your investment, the ability to attract outside investment, and the ability to build a great team who will work to make your company succeed.

Disadvantages include the usual necessity for the company to take on large amounts of debt or lose significant amounts of equity, a loss of control as investors and employees dilute the founder's equity, and the long wait to reach positive cash flow.

Define Your Life Goals

Now that we understand the difference between a Lifestyle Business and Business Built for Profit and Growth, we must decide on which one is right for us.

To do this, you must articulate your personal goals. Ask yourself what things are important to you and what do you want to try to accomplish? Do you want to attain a certain lifestyle, gain respect and build an organization that will outlive you?



What things do you want? What things do you need? Are simply trying to provide for your family, or are looking for that and more?

Take out a piece of paper and write these things down. You will probably compile a lengthy list. When you stop writing needs and wants down, rank the things you wrote down 1 to the end of the list.

Now, take the top 5 things and throw out the rest. These are your defined life goals.

These are the things that will drive the answer to the question "why do you do the things you do" and "should I pursue a lifestyle business or a business for profit and growth?"

Sync your personal goals with your business goals

Your happiness in the FXG world is tremendously dependent upon your life goals matching up with your business goals. A business relationship with FXG is extremely demanding. It can be rewarding as well, but if your life goals do not match, then, this could be a recipe for disaster, on your part and that of FXG.

There is no right or wrong choice here. You just have to make sure that the things you want out of life are going to be consistent with what the demands of your business will allow.

So, let's look at your list.

Is your list dominated by things that take lots of time but are not related to reaching some sort of business or professional goals?

Does it include spending time on hobbies or activities not business related?

Does it include being able to continue what you do without having too much risk?



WHAT DO YOU WANT TO DO?

How about being your own boss?
Having consistent, steady,
predictable cash flow? Taking time
off whenever you want?

If you answered “yes” to most or all
of these questions, then you are
most assuredly looking for, have,
and likely to treat your FXG contract

as a Lifestyle Business.

Now look at your list again:

Does it include making money in addition to providing for your family?

Do your wants and needs seem to point you toward something that might involve taking a fair amount of risk?

Are you looking for investment returns? Retirement funding?

How about the prestige of owning and running your own business?

Does your list include doing things that are fun and challenging that ARE business-related?

Would your wants and needs allow for your time to be spent predominantly on your business?

Will your goals allow you to make current sacrifices in order to achieve something even bigger later?

Is running your own business one of your wants and needs?

If you can answer “yes” to most or all of these questions, and you are willing to take the risk necessary, are looking for a large return or the chance to achieve a large payout when you have built a large operation upon selling time, then your goals align with owning a **Business for Profit and Growth**.

A Harvard Researcher, Amar Bhide, writes on the topic of Lifestyle Businesses versus Businesses for Profit and Growth:

*“The company of a **lifestyle business** owner does not need to grow very large. A business that becomes too big might prevent the founder from enjoying life or remaining personally involved in the work. In contrast, entrepreneurs seeking capital gains must build **companies for profit and growth** large enough to support an infrastructure that will not require their day-to-day intervention”.*

Amar also has this outlook on aligning personal and business goals:

“If entrepreneurs find that their businesses, even if very successful, won't satisfy them personally, or if they discover that achieving their personal goals requires them to take more risks and make more sacrifices than they are willing to, they need to reset their goals”.



Your Personal Goals, Your Business Type and FedEx Ground

Now that you have gone through this analysis, you're ready to make a monumental observation.

Is the type of business that you have, and foresee having, in line with the goals and objectives of your parent company?



In order to answer this question, we first need to make an observation.

Historically, FXG has contracted both types of businesses to provide the transportation power they need to operate the entire system. But, the majority of its contractors historically thought of and have the mindset of lifestyle business owners. This was fine back in the early days when FXG was still RPS, and even until fairly recently, say within the last five to 8 years.

The corporation is changing this model while still being focused on providing and exceeding what is deemed an acceptable return on its shareholder's investments, just like you are on your business investment.

Along with return on shareholder investment, FXG has always been focused on growing the business. It has been successful at this ever since FXG was purchased from Caliber Systems (Roadway). It aims for even more growth in the future. Big growth.

So, as you can see, FXG is, by our definition, is a BFPG (Business for Profit and Growth). They seek profit, growth and a return on investment.

Now, just like when we went through the exercise above to align our personal goals with our business goals, we need to ask ourselves what kind of business aligns with the parent company's goals going forward.

Obviously then, we can conclude that FXG wants and need Contractors and Independent Service Providers that want to operate their respective companies for profit and growth. You need to look no further at the terms, conditions and amendments to the current operating agreement and amendments to see the direction the company is going.

In fact, it is also obvious what the ISP model seeks to achieve. They desire for their service providers to be even more independent to grow and profit like never before. However, the



issue here is that Lifestyle Business owners may not have the same goals in mind. Here is where we have the square peg in the round hole problem.

If you are a Lifestyle Business owner, your current or desired goals are not going to fit with the direction of your parent company. Your business

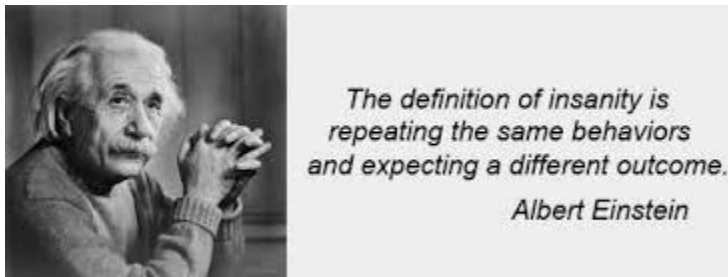
won't fit with the rest of the contractors anymore. It will likely be swallowed up by the businesses that are seeking profit and growth.

It's just evolution. That's all. It happens everywhere, in every business.

Having said all of this, it is possible to take your lifestyle business and convert it to a business seeking profit and growth, if you want to.

First, it will take your commitment to do so. The way you think about and run your business today is going to have to change. You are going to have to accept the fact that you can't do things like run your business off your checkbook balance anymore. Counting your daily number of stops is a start, but as you will see, there is so much more.

If you do what you've always done, you'll always get what you've always got.



So, assuming that you want to transform your business into one that will seek growth and profits, and not just getting focused on getting done every day, you are going to have to make some significant changes. J

In order to align your goals with your parent company, here are the steps you'll need to take to do it:

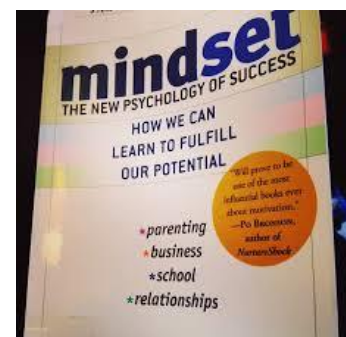
1) Get Your Mind Right

Without question, this is going to be by far the biggest challenge.

First, we have to understand that operating a business for profit and growth involves looking at a business in an entirely different way than you might be used to.

You'll have to be able to embrace *change*!

Maybe the best way to look at this is to tell the story that happens here at eTruckBiz about every other day now.



We get a call from someone who is looking at buying a group of PSA's from a current contractor out there somewhere. They want to know if our software is capable of helping them analyze the business that they are looking to buy. They want to see everything from cash flows to income and expense statements, current employee rosters, productivity measurements, historical trends and growth measurements, equipment histories and costs, asset logs, current accountability measurements, operating costs, profitability.

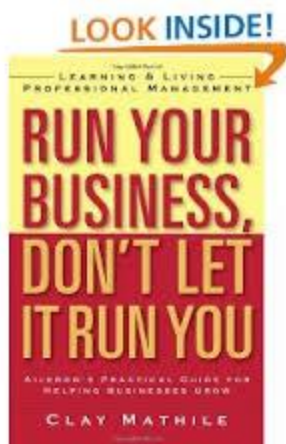
Basically, they want to know if the business is a good investment that will provide them profits and allow for growth.

When these investors ask the current owners for these types of measurements, more often than not, the current owner not only cannot produce these kinds of measurements, they probably don't know what many of them mean.

This is the sure sign that the current business owner has looked at their business as a Lifestyle business. I know that many think that getting the job done means "running a business", but the reality is, it is only part of it.

2) Run Your Business. Don't Let It Run You

One of the big changes that needs to be understood is that you are not a replacement driver. If you are driving, then something in your business process has broken down. Your job is to first build a business process that does not include your direct involvement. Then, you monitor, maintain and repair the process.



We see and talk to folks that are either driving a truck, or driving them back and forth from the mechanic every day. Your job is to coordinate these activities, not do them. When you are doing them, you can't coordinate them. You lose focus of your business goals and don't monitor the progress towards them. If you let this happen on a regular basis, then you have a lifestyle company.

It's great if you like to drive or work on the trucks or any of the *tasks* of your business. If you have a smaller operation, say 1 to 5 trucks, you'll probably have to do some things yourself until you can grow large enough to facilitate your exit from these tasks.

If you like to do these things and want to do them in the future, then you'll be forced to maintain a Lifestyle business, and this will not be consistent with your parent company's

goals. Eventually, this will catch up with you and you'll be exiting from the business relationship in some way.

Another way to say this is that as a Business Owner of a Business for Profit and Growth, your job is to work *on* your business, not *in* your business. Are you self-employed or do you run a business?

3) Understand Leadership

This is a tremendously huge topic. We'll take a shot at boiling it down to a few essential points that we need in the FXG Contractor and ISP environment.

First, we need to know that being a leader not the same as and is light years away from being a boss. When you have just a few people who you are directing, then you can get away with being a boss and barking orders, even though this will eventually not work either.



When you get more than just a handful of people looking to you for direction and guidance, you need to be a leader instead. You set the tone for your business, you drive the inspiration and motivation.

There is so much more to say on this topic but in our situation, the main thing is this. Your people will adopt your work ethic and values. They will pick up very quickly on what is important to you and those same things will be important to them.

If you really care about safety, then they will to. If you have your act together and have a grasp of how the business is performing and care, they will too.

Most importantly, if you are operating a Lifestyle vs. a Business for Profit and Growth, they will pick up on this too. Your goals and objectives will become theirs so the way you look at and conduct your business will be reflected right back at you through your people.

Get a grasp on your business metrics and process so you can expect your people to do the same.

4) Put A Business System In Place

Your job is to build a business system so that your business will run smoothly on a daily basis, without you being there or without your direct involvement.

Sound impossible?

It's not.

When I was a terminal manager, we used to have regional terminal manager meetings one a quarter. At these meetings, I used to see managers running to the phones at

every break and opportunity to call back to their terminal to see what was going on and to do what they could to troubleshoot the problems.



I rarely called the terminal to do this.

Was it that I didn't care? Was I a bad manager?

My boss walked up to me during a break one afternoon with a look on his face that I hadn't seen before.

He said, "Jeff, I never see you checking on things at the terminal like everybody else", as he pointed to all the phones on the walls at the hotel that were full of nervous managers. Yes, this was in the pre-cellphone days.

I said, "Yes sir, I'll call them when the next phone opens up."

He said, "Actually, I wanted to let you know, that I know, that you must be providing very good leadership in your building, You don't NEED to call every second to trouble-shoot. You must have a solid system in place."

I'm not going to tell you his name, because I'll never let him know that he was ever right about something...



The system that you build must include a way for you to first, quickly monitor the results of your business. Then, it must include easily executed processes to get things in place that are critical for your business. Finally, it must include very easy ways to hold the people who you are leading accountable.

There are several ways to do this, but this is what eTruckBiz For FXG is all about. It is a system, if used and used properly that will do this for you.

However you do this, you must understand that you are not to create tasks for you to do that are outside of the command and control role. Your job is to run the system, not be the system. This is a fundamental difference between a Lifestyle business and a Business for Profit and Growth.

In its simplest form, your system can be a checklist of daily activities for you to check on and make sure are in place and are happening. A checklist though will quickly lose effectiveness as the complexity and size of your business increases.



Be honest, do you have a current way to check on the things that matter most in your business? Do you check those same things, everyday? Do you follow up on the things from the list that requires your attention, without fail? DO you keep records of your follow up so that the same things do not keep happening?

As you move on to more and more points to follow up on, you'll want to make sure you start to include quantifiable measurements. For instance, you check weekly on the miles per gallon that your trucks (each one) are averaging. The benefit here is obvious because if a truck is off by a couple miles per gallon say, then this will cost you some money. If you don't know that this is occurring, say goodbye to quite a bit more money until you finally catch it. In fact, you may never catch it if you don't look.

Are you starting to see here how this works? How can you fix a problem, any problem, if you don't know that there is one? If you are out delivering packages, what is the likelihood that you will check on something like this? You say you have a GPS or Telematics system? That's nice but you still have to remember or be able to check on this.



Define what things are important to your business, then, build a way to check on the progress or status of them, every day.

5) You Don't Have To Work In It To Know About It

So at this point, I know there are those of you out there that will to say that there is no way you can get out of driving every day. You don't have time to track things in any type of business-tracking system, and you already have a way to keep track of what is going on and so on. You always have people problems that make you have to jump in there and in order to get it done.

That's great. That's what they make Lifestyle businesses for. They are made for folks who can't, or don't want to, take a step back and out of the hands-on running of their businesses.

If this is the way you think about things, it's time to start changing this thought process, or be prepared for what will ultimately be your fate.



You see, businesses run with this kind of thinking cannot "scale". Scaling a business means being able to easily grow it. In our case, adding another truck and driver and then having the system already in place to monitor and accommodate more volume and more business. You cannot scale a business where you have to *do* everything. You have to be able to

step back monitor and manage it. Not do it.

6) Know What Is Going On, Don't *Do* It

In addition to scaling, in order to become more profitable, you need to be able to monitor and measure your business results. That which is measured increases. When you are working on a truck, shuttling them, delivering or driving, you are not monitoring.



As you grow your business, the potential returns are greater, but only if you monitor and manage. Your business system must include an easy yet effective method for collecting and analyzing your business data. You have to *know* what is going on.

Knowing what is happening is more than half the battle. Knowing your strengths and weaknesses and areas needing improvement puts you in position to win. What sport gets played without keeping score

to determine a winner? How can you know if you are winning or not if you are not keeping score?



In order to transition from being a *doer* of your business to being a *manager*, you have to get used to building and using your information gathering system. Knowing what is going on in your business is the first step in getting to where you want to go.

So, the way you look at your business and other influences is shaped by how you think about your business. If you start looking at your business as something that you own to profit and grow from, instead of looking at it as a way to be self-employed, then you will align your interests with your parent company and many things will make much more sense to you.

There is a big difference between a Lifestyle Business and a Business For Profit and Growth.

You just need to decide which one you really want.

