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Small Business – Apr/May 2013

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STOP THE INSANITY
BE WISE IN YOUR BUSINESS

By Don Maranca

Don Maranca is the owner of the Texas Hill Country chapter of The Alternative Board. He is a business advisor, CPA, MPA, has 1,000+ hours of facilitating board meetings, workshops, seminars, and coaching with Presidents, CEOs, Vice Presidents, CFOs and other executives of privately held businesses with revenues ranging from \$300,000 to over \$20,000,000. To find out more about The Alternative Board, please attend his executive overview luncheon on April 30th. To register, please call 210-615-1800 or email dmaranca@TABSanAntonio.com.

Every month, I have the privilege of working with business owners and hearing their current challenges and opportunities. I'm amazed at how transparent these leaders can be on their struggles, their passion, their mistakes, and how they've overcome life crucible moments. Their humbleness and vulnerability lead to results and breakthroughs in their companies. I witness leadership transformation in the peer owner boards that I run. These experiences give me great fulfillment, knowing I'm helping business owners strengthen our community that leads to better lives.

Small Business as backbone

I believe that small business is the backbone of this country. Sadly, several businesses fail within the first year of starting. There are

several failure rates that are published and the recurring theme is that 50% of businesses make it to five years, then 35% to ten years. Regardless of the various studies and sources for failure rates, the point is even at ten years, about one third of businesses fail. Prior to my current business, I worked for and met several small business owners. I found that the more successful businesses had resources to tap into. I'm not just referring to financing resources but more importantly knowledge resources. Large corporations have the resources to educate and share knowledge with their leaders. Small business owners typically don't have access to such knowledge resources and wise advice to keep them from making poor decisions, or to help them go to the next level in their business or leadership. Business owners typically have a strong work ethic. Working "smarter" is difficult without the right resources and generally results in working "harder." I have witnessed this time and time again: an owner would succeed at work at the expense of life at home; they would hit a revenue plateau even though they had a great product or were genius technicians; they were growing revenues but shrinking profits; or they were doing great but didn't know how to transition out of their business.

Resources for the next level

Believe it or not, there is an affordable alternative which enables small businesses to expand their knowledge and obtain wise counsel: a peer board organization called The Alternative Board. In these peer boards, business owners get the benefit of different perspectives and real business experiences that help them make better decisions in their own business. Members of such organizations are able to get fresh ideas, support and encouragement from peers, a sounding board to check their blind spots, and accountability to keep them on track. The ultimate benefit to these members is peace of mind knowing they have a resource to work through things that didn't exist before. Imagine your brain with your own talents multiplied by 6-8 times by utilizing brain power of other talented individuals who relate to business ownership. In my peer groups, we don't discuss what you know you know; or even what you know that you don't know for the most part. What we try to unpack is what you do not know that you do not know. This is where the true wisdom of the group begins. We do this by following a proven process in our board discussions. However, it doesn't stop at shedding light on a topic, thus breaking the ignorance in a specific business area. The peer model process and coaching helps ensure that that new knowledge is leveraged so wise decisions are made in the future, thus breaking the foolish habits of the past. It is one thing to change your perspective and be more educated, but true transformation occurs when you take that education and apply it to bettering yourself and your business.

Real peer example

One example I like to share that helps drive the benefits of having a peer board is what I will call "Hard Conversations." We had a member who was really struggling with an office location that had been unprofitable. She simply hadn't had the time and resources to focus on bringing that office up to standard. She contemplated selling the business to the local operating manager with a structured buyout. I encouraged her to bring that up to the board and have that "Hard Conversation." I could tell she was uncomfortable sharing what she feels is a failing part of her business. She brought it up to the board and great questions and discussions came from it. What happened was typical of a board meeting, there was not just one answer. Some advocated keeping it and making it profitable. Some advised to sell to the operator over a period of time. One individual advocated closing the location and redirecting focus to the profitable parts of the business. After some good questions and introspection, she decided to close that office. Her continuing business flourished with clear focus and dedication that was lacking, due to the distractions of the other location. She thanks her board constantly for forcing those "Hard Conversations."

Seek knowledge, be wise, join a peer group

I like to quote Albert Einstein to my board members and prospective members, "Insanity is doing the same thing day after day, and expecting a different result." We all do things that drive us insane and sometimes need a little help seeing things in a different light. We didn't invent this model. It's been around for around 3,000 years building upon the Proverbs 15:22 scripture, "Plans fail for lack of counsel, but with many advisors they succeed." These are words from King Solomon who is known for his gift of wisdom. We use peer groups for many aspects of our lives: recreational groups, bible study groups, parent groups, vacation groups, etc. Why not use one for our businesses, where we spend about 50% of our awake hours during the week? Ignorance just means you did not know any better. Foolishness means you know better but still do not do what is right. Seek counsel to be more knowledgeable, then lean on your peer group to make wise decisions going forward.



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1. Rudy U. Maranca / April 1, 2013

Very timely articles specially during this time of economic slow down. The creation of TAB will absolutely help struggling small businesses.

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