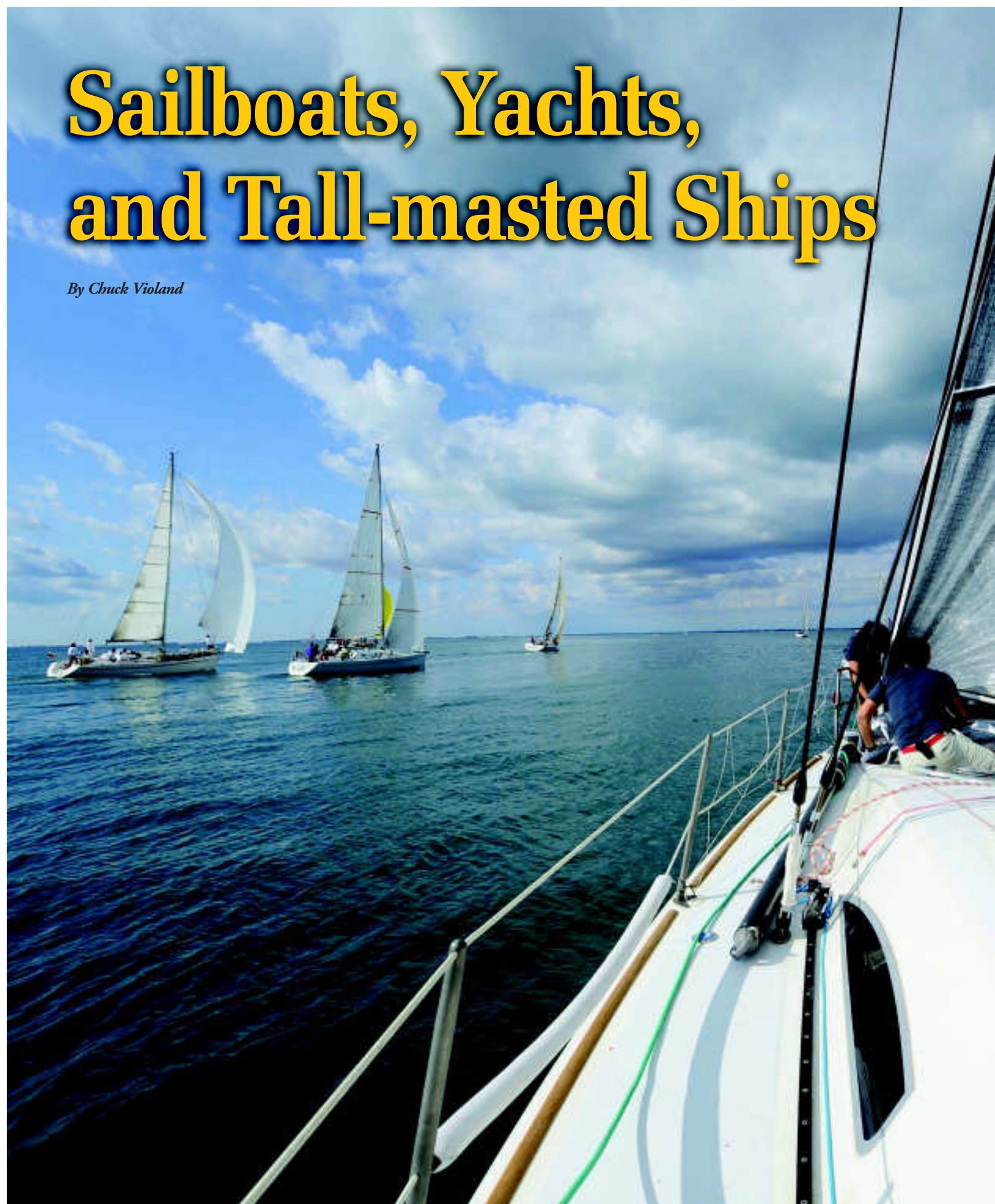


Sailboats, Yachts, and Tall-masted Ships

By Chuck Violand





It's no surprise that nautical vessels are frequently used in business logos and as images of business success. For a millennia, boats have evoked different emotions within us. It can be the peaceful image of the weekend sailor skippering his sailboat on a pristine lake, the wind blowing through his hair, the warm sun reflecting off the water. It can be the rugged image of a high-stakes yacht slicing through the water as the adrenaline-charged crew moves swiftly from station to station to trim the sails or change the tack to maximize every breath of wind to gain a competitive advantage. It could also be the strength and majesty of a tall-masted ship under full sail as it glides gracefully into harbor. These are images that few entrepreneurs can resist.

But there's more to the relationship between boats and businesses than just image. In his book, *No Man's Land*, author and business consultant Doug Tatum talks about the need for businesses to change their model as they grow because the model that worked when they were smaller breaks down as they become larger. To sustain profitability as it grows, a business must constantly analyze its performance in light of its changing model. That's where the relationship between sailing a boat and growing a business comes into play.

Businesses rarely grow in a smooth, methodical fashion. More often than not, they experience jumps as they grow that can be painful to the owner and threatening to the business. No well-defined line of a sales benchmark or specific number of employees, determines when we move from one size boat to another. But at some point the very survival of our companies dictates making the leap to a larger boat. With each leap one's decisions become weightier, and if we don't have the proper strategies in place beforehand, we're at serious risk of capsizing.

The Winds that Move Your Boat — Cash

Think about money and sales as the two primary forces that move one's business forward—just like the wind moves a sailboat forward. Each of these forces will have a direct impact on how fast the boat moves, or whether it moves at all. The more wind in the sail, the faster one goes. The more cash a company has, the faster it can grow. Less cash typically means slower growth.

Almost all businesses experience cash-flow struggles as they grow. When that happens, it's not uncommon for owners to reminisce about the good old days when having \$10,000 in the checking account meant you were rich. If payroll was covered for the week (sometimes even for the month), one could take the family out to dinner, and possibly even have a little money left over. Even when small businesses were struggling, a little money went a long way. But as a business gets larger, one quickly learns that \$10,000 doesn't stretch as far.

In the early stages, most businesses are able to make money in spite of themselves. They're based on what Doug Tatum refers to as the "high performance, cheap labor" model. The owner is the cheap labor, going to the ends of the earth to do any job, no matter the size, to make customers happy. This is similar to the weekend sailor out on his sailboat. It doesn't take a lot of wind (cash) to keep the boat moving around the lake. If the wind stops blowing for a spell, no problem. One can just float around until it picks up again. Besides, there's always a paddle in the form of a few charge cards to keep one going.

But the game changes when sailing a racing yacht or tall-masted ship. One can no longer rely on the cheap (or free) labor of the owner or offsetting lower margin services. In the world of business, cash is driven by profits, and profits

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