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It's Really Something Else

Want to know one surefire method to keep your business growing? It's high time you diversified.

By Geoff Williams

Muscles. Endurance. Speed. Any fitness expert will tell you the way to make your physique bigger, stronger and faster is to cross-train. "Absolutely," says Jim Ferreri, a personal trainer at the Cincinnati Athletic Club, the nation's oldest athletic organization. "We have some runners here. Most people would say they must be in great shape; they can run forever. But," and now Ferreri sounds smug, "have them pick something up. They're not going to be able to pick up much weight." The treadmill alone can't do it. And you can't bench-press your way to total fitness. If you're going to be healthy and fit, you have to mix it up.

That philosophy makes sense for athletes, and cents for entrepreneurs—millions and billions of them. Which is why you should ask yourself an important question: Am I an entrepreneur who cross-trains, or am I stuck on a treadmill?

There's a reason farmers grow more than one crop, restaurants offer menus and cats have nine lives. In business and life, success is often a numbers game, where more is more, not less. If your business has only one or two ways it generates income, it is never going to be a muscle-bound jock. You'll eventually get sand kicked in your face.

Getting Started

Like wandering through a South American jungle, diversifying your company means you might fall into a snake pit or step on a crocodile. Make the wrong turn, and you may never be seen again. So the last thing you want to do is rush into the wilderness without a map or a guide.

But enough of our analogies and on to Joel G. Block's: The founder of management consultancy Growth-Logic Inc., based in Agoura Hills, California, Block advises clients to create a "revenue octopus" so your company is not dependent on one sole source of income. "You need around eight different revenue-generation streams," says Block. One sole successful revenue stream might

bring in enough to support a company, admits Block, but depending on it as your only source is incredibly risky.

So where do you start when considering various areas of diversification? First, answer the question: What do you do best right now? Whether you've created an amazing product or mastered a certain service, start where you're most successful. Make sure your revenue streams are related, says Block, or you may not have enough

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money or energy to see new projects through. "If you have to spend an inordinate amount of time getting another part of your business up and running, then you're using up valuable resources," Block says. So if you manufacture umbrellas, it makes sense to start a line of galoshes, rain coats and then perhaps winter coats and gloves. But if you branch out into a travel agency that specializes in sending people to snow-covered mountains and rainforests, you've likely lost your way.

"Conquer your niche," agrees Jim Ziegler, a motivational speaker who practices what he preaches. Atlanta-based Ziegler Corp. has three distinct companies within one—publishing, speaking and consulting—but they all center around the automobile industry.

"Don't try to be everything to everybody," advises Ziegler. "Look for peripheral incomes within your niche. That sounds vague, and it is, because there are so many businesses out there, but that's what you have to do."

If you're not sure how to find a peripheral income within your business, Ziegler suggests forming a mastermind group. He belongs to several. "You have about 10 to 20 people in each group from your industry, and you get together every quarter or so to compare your best practices to everybody else's. People don't see their faults as well as competitors and friends do." Ziegler makes certain that there are no direct, local competitors in his group, but rather people in his industry from around the country.

No matter how you find it, it's out there. If your business has a successful product or service, you can diversify.

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