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Entrepreneurs as Successful Business Leaders

by Wayne Bidelman

Entrepreneurs by definition are people who organize, operate and assume the risk for a business venture. This definition certainly includes an independent business owner. Depending on one's view, it could also include roles within a more corporate environment, such as a business *line* leader (particularly for a start-up business) or a person with the role of idea/product/venture creation (often referred to as an intrapreneur). The purpose of this article is to describe how and why the use of an external resource (i.e., a business coach) can ensure the success of a business leader and thus the business as well.

It is important for the business leader, as well as the coach, to recognize three fundamental differences between the *corporate business leadership positions* and that of an *independent business owner* (which the entrepreneur business owners reading this article will immediately recognize):

1. How business objectives are set: If the business leader is also the owner, the business objectives are established by the owner and should relate to the owner's personal objectives. A corporate business leader will typically have business objectives set for him/her, effectively by the ultimate stakeholders of the corporation.
2. The financial risk of failure: If the business leader is within a corporate environment, the financial effect of a business failure is unlikely to immediately hit his/her pocketbook, or if it does, it is

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unlikely to have a direct correlation to the actual financial loss. For an independent business owner, the loss is immediate and the full amount comes directly from his/her pocket.

3. Ability to make changes: A coaching relationship will likely create agreement between the business leader and coach on necessary changes to the business. Whether those changes can be made at all and/or how quickly would be different if the one being coached is the business owner having complete control over implementation versus the business leader within a corporate environment.

This article will discuss the use of an external business coach primarily for the *entrepreneurial independent owner*. It is important to note, however, that a business coach also brings tremendous value to the corporate business leaders and intrapreneurs mentioned above, since the basics of a business and business leader success are consistent across all types of businesses and all organizational structures. As a result, when the independent business owner is referenced herein, one can also be thinking of such corporate roles as well.

Why a Business Coach

The reality is that almost 50 percent of new businesses fail within the first two years of operation (study by U.S. Bureau of Labor Statistics). About 90 percent fail after 10 years. Of those 90 percent, more than two-thirds lacked a solid business plan and/or the owner did not recognize or ignored weaknesses and did not seek help. (Source: SCORE — counselors to America's small businesses, [Score.org](#)).

The owner must take responsibility for such failures. In the vast majority of cases, the failure could have been avoided if the owner had addressed the real problems and sought help to do so. The entrepreneurial business owner is no doubt an expert in the industry within which his business resides, but may not be an expert in running a successful business. To the owners' defense, they are trying to run a business where in most cases they ARE the business—and in all cases, they are so busy IN the business that they do not have the time to work ON the business. Here is a pertinent analogy. The captain of the ship needs to stay focused on steering the ship. And the primary decision-maker cannot be spending a lot of time on more administrative tasks to the exclusion of focus on what creates growth of the business. An outside knowledgeable resource can assist in ensuring the business owner is staying focused on the right things (see later examples).

The need for an outside resource can depend on the size of the entrepreneur owner's business, as well as the position and objectives of the business. Although even a one-man shop can benefit from an

outside influence, it might not be a fit economically. A very large company likely has more internal resources to address issues. An owner, who is making all the money he/she wants or needs, has all the spare time he/she wants, and is about ready to retire with no equity take-out available or desired, is potentially not a candidate. However, it has been determined that 95 percent of all businesses can indeed gain value through retaining outside coaching expertise—and by value it's meant that the benefit exceeds any cost. The role of a small-to medium-sized business owner/leader can be a lonely one. The owner/leader might not have the advantage of a highly experienced management team around them or a Board of Directors or advisory board to provide oversight and direction. A quality outside resource can fill such a gap.

Business owners must have the financial motivation to ensure the success of their own business. From a more holistic macro perspective, ensuring more success of the private and smaller businesses is essential to the recovery of our economy. Of the more than 7 million payrolled businesses in the United States, 98 percent have less than 100 employees. The success rates of such businesses can and should be improved for everyone's benefit. Properly utilizing the existing expertise where and when it is needed is crucial for that to take place.

Consulting Versus Coaching

A business coach plays a significantly different role than a consultant. Typically, a consultant has expertise in select specialized areas and will be retained to solve a specific problem or complete a specific project. Once that has been accomplished, the consultant leaves. A business coach can be likened to a business mentor, focused on helping the owner grow the business. The coaching relationship is more of a long-term relationship, with periodic contact to ensure the "ship is on course." Although there are all types of business coaches, the type described here (and the one this author aspires to) is capable of helping with virtually any business issue—particularly as it relates to ensuring a healthy, growing and successful business. A good business coach in this context will not only have business leadership experience but also will have the tried-and-true tools and processes to assist the client with virtually any business need. It must be understood, and it is important to the effective business coaching relationship, that the business owner is the expert in his/her industry and the business coach is the expert in growing a healthy, successful business. That marriage is what makes the relationship so successful.

It is understood that there could be times when a business owner must have outside assistance from a specialist in a particular industry, or for resolving a specific problem where millions or billions of dollars are at risk, or for personal assistance in specialty areas. Then special consultants may be required. However, it is also part of the coach's role

to have a network of and knowledge of such people, so as to be able to not only assist in the decision of when they will be utilized, but also who will be utilized. Although a coach may not have perfect knowledge of every industry specialist, a good coach will always have a network of competent lawyers, accountants, investment advisors, financial planners, website constructors, etc. that will be useful to the business owner, if needed.

The Coaching Advantage

A good business coach provides three very critical things:

1. Awareness
2. Education
3. Accountability

Awareness: A coach makes the business owner aware of the possibilities in his business. This can be done in a number of different ways. One is to assess the existing business through discussions, questionnaires and financial information. The coach will focus on areas of known weakness and suggest specific strategies to address them. In addition, financial information and other information can be compared with other businesses in the same industry to assess where this business stands versus other similar ones.

Education: A coach provides information in business-building best practices. A good business coach will have access to a huge library of forms, processes, descriptions, studies, etc., that can be useful to the business owner. The coach also provides information on how to monitor and track key business indicators.

Accountability: A coach ensures accountability to achieve peak business performance. This is the most overlooked, the most important, and also the most painful part of the coaching relationship. It is also a key difference between a consulting relationship and a coaching relationship. A coach's job is to make sure that the business owner does what was jointly agreed as needing to be done—and done within the agreed upon time frame. It needs to be recognized that if doing all the right things at the right time was easy, there would be no need for coaching. The biggest and most obvious issue with business owners is time management issues. An owner will typically have too much to do. It is easy for him/her to get "wrapped around their own axle," constantly putting out fires, and burdened with administrative tasks that do nothing for directing and growing the business. As human beings, we get into bad habits, often believe we are the only ones who can do everything right, and when we are really busy, we gravitate to doing the things that we most like or are most comfortable doing. A coach will have simple

processes for fixing that time management issue, and will help the owner see his/her "blind spots." The necessary changes agreed to by the owner must drive changes in the owner's actions. The coach's role is to ensure that happens.

The Coaching Process

Every good coach has a good process for ensuring a successful coaching relationship, which by definition means that the business has had significant and measureable growth and improvement and that the owner is happy with the relationship. I will describe at a high level the process with which I am familiar, which is a tried-and-true best practice approach, but by no means the only possible approach.

A good coach recognizes that there are distinct stages in the evolution of a business—five, in the model with which I am familiar. Before a coaching relationship is even established, the coach determines which business evolution stage the business is in. The issues affecting the business will vary depending on which evolutionary step it is in. It is essential to determining ways in which to assist in growing the business to the next evolutionary stage. This, in conjunction with the coach's requirement for the owner's own business assessment and the assessment of the business relative to others in the same industry, gives a lot of information for determining the primary areas to address together in the coaching relationship.

For the benefit of the owner and the coach, a key first step in the coaching relationship is to implement at least one strategy that is simple and can provide quick impact to the business. This is important for a couple of reasons. First, it gives the owner confidence that changes can be made that are simple but can have great impact on the business. These are available in every business. Secondly, it helps cement the coaching relationship because, almost without question, the quick value created will exceed the cost of the coaching relationship. A good coach will make sure the owner sees and acknowledges this result before the coaching relationship is even initiated.

An equally important initial step is to ensure there is a current, written business strategy. As referred to earlier in this article, a business plan for an independently owned business must start with the personal plan of the owner. In other words, the objectives of a business must be in line with the objectives of the owner. Any business coach to an independently owned business that does not start with the determination of the owner's personal objectives is doing a poor coaching job. For example, a business advisor might see that the business could grow to monumental proportions on an international basis within just five years and suggest a plan to get there. However, the owner might have the personal objective of just working for a couple of years and then selling

his/her company for a modest amount to supplement his/her retirement because he/she does not have the energy or desire to grow the business to such a size. Therefore, the business plan needs to be consistent with this.

So the initial step is for the business owner to formally acknowledge his/her objectives with respect to income levels, lifestyle, wealth, and equity. Once those are nailed down, there is a process for developing a one-page strategic plan that starts with the long-term business objectives, and builds all the way back to the business activities and results that need to be accomplished today or this quarter to meet those objectives. It is then critical that all other decisions and implemented strategies are consistent with and further the business along the path of the plan. Better than 90 percent of business owners never do this.

Going forward, the coach ensures that the plan is updated regularly, even to make potential changes in the ultimate objectives, if necessary. The coach ensures that activities are in synch with the plan and that they all provide healthy growth for the business. As the business moves through the various growth stages, the issues needing to be addressed will change. At all stages of a business's development, there will be risk of business failure, due to one of the following:

1. Poor leadership
2. Underperforming sales
3. Ineffective marketing
4. Lack of human capital management
5. Lack of financial management

The impact of each of these and the degree to which they are important varies from one business growth stage to another. For example, just in the sales/marketing area, the history of a business is like a constant sprint over hurdles:

- Zero revenue and no customers is the obvious first big hurdle.
- Then comes growth and how to manage early success.
- And the final hurdle separates the leaders from the pack: how to accelerate the momentum you have created.

Even the best leaders cannot do this all by themselves. A business coach helps the owner anticipate the business growth phase they are in and assists in the timing and methodology for addressing the issues. For example, when a business is first starting, it is not likely to be focused on strategies for leadership succession, operations and training manuals, or

implementing expense reduction programs. These could be critical in later stages of development, but not at the initial stages. However, a business in the start-up phase would likely be developing a business plan to project the results of initial activity and determining the related capital requirements, as well as build a break-even plan—things that hopefully become of less importance as the business matures.

By observing this process, one understands more fully the distinctions made earlier between a coach and a consultant. A coach represents more of an ongoing relationship, like a business mentor relationship. It is also important to recognize that a coach not only adds value when there are business problems to resolve, but that also a good coach is a specialist in helping successful business owners to further and dramatically improve their business. The business owner must continue to ensure improvements in his/her knowledge and capability within their own industry and the business coach helps ensure that the owner does likewise as a business person. It is the best possible recipe for business owner and business success.

Epilogue

I am an actuary, an entrepreneur, an independent business owner, and a business coach. For a good part of my career, I was in various corporate business leadership roles and utilized external coaching resources throughout. I currently have my own business coach to assist me in running my independently-owned business. As a result, I believe in, and am passionate about, how an external business coach can make a critical difference in the success of a business, and thus the success of the business owner. You entrepreneurs who also own your own business should give it serious consideration.

The freedom in our nation to exercise the entrepreneurial spirit is what has made our nation—and its economy—great. However, an entrepreneur is not necessarily a great businessman. The failure rate of businesses started by entrepreneurs is way too high, and as mentioned earlier, implementing a process to marry the person taking the business failure risk with an outside business success specialist is a great way to improve the new business success rate. Every great athlete and every great team has a great coach ... and so does every great business!

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