

The E- Conundrum

Moving from Entrepreneur to Enterpriser

(Overcoming the Survival Crisis & Learning to Scale!)

Why Entrepreneurs are Failing at alarming rates and many are suffering as a result:

- Bankruptcy
- Health Issues
- Hitting an Invisible Growth Ceiling
- Failing Marriages
- Constricting Stress
- Broken Dreams

The Surprising Answer that CAN put you
on a NEW PATH to SUCCESS!



Thomas R Noon

Turning Your Hopes
Into Reality!

TOM NOON

C-Level Catalyst



Tom started his career as a CPA with one of the largest international CPA firms in the world. But he has also:

- Been a Founder of the premier Med Spa Franchisor in the US,
- Started a software company that was sold to Borland,
- Managed a Private Equity Firm
- Been a CFO, COO and President in a broad range of industries,
- Planned and founded an early Internet company in the mid 1990's, and
- Started C-Level Services to counsel many business owners both in their personal finance and how to accelerate the value of their business.

Tom's early career included successful stints as CFO, COO and President of startups to Enterprises with \$300 million in sales.

Then he noticed a recurring theme in business owners' failure and started researching the statistics of small business. What he found both SHOCKED and SADDENED him.

So Tom purposed to discover a solution that would have broad appeal to a large number of small to medium business owners and...

Change the course of their business's future and their personal lives!

He created Catalyst Cohorts and the L4L Program to do just that!

1

The Entrepreneurs Dilemma

“I Am Paying WAY To High a Price For Success That Never Shows Up”

Entrepreneurship is touted as a magic elixir to amazing success. The problem is that results don't support that pitch! My guess is that this may be true for you too.

We are a people separated by a common language.

“Entrepreneur” is a term that has been used casually to refer to a broad array of business founders and owners. So, first we need to get on the same page and define; “Just what is an entrepreneur?”

The dictionary definition of an entrepreneur goes something like:

en·tre·pre·neur (noun)

“Risk taking businessperson; somebody who initiates or finances new commercial enterprises; one who organizes, manages, and assumes the risks of a business or enterprise.”

Theorists Frank Knight and Peter Drucker also defined entrepreneurship in terms of risk-taking. “The entrepreneur is willing to put his or her career and financial security on the line and take risks in the name of an idea, spending time as well as capital on an uncertain venture.”

A Forbes Magazine article dated April 14, 2014 listed the “5 Personality Traits of an Entrepreneur”:

- Passion
- Resilience
- Strong Sense of Self
- Flexibility
- Vision

So, in summary, typically an entrepreneur is someone who is a risk taker starting a new business with a lot of determination and passion.

We tend to think very favorably about entrepreneurs and rightly so, they are routinely lifted up as the core engine of the economy. Most new innovation and new jobs come from their efforts. In fact, statistically half of us in the US will be out of work for a time and turn to entrepreneurship.

So with trepidation I say, *entrepreneurship isn't all it's advertised to be*, since this will offend the sensibilities of a lot of people.

Entrepreneurship has a secret **DARK SIDE**.

Entrepreneurship and Failure

Entrepreneurs are failing at amazing rates!

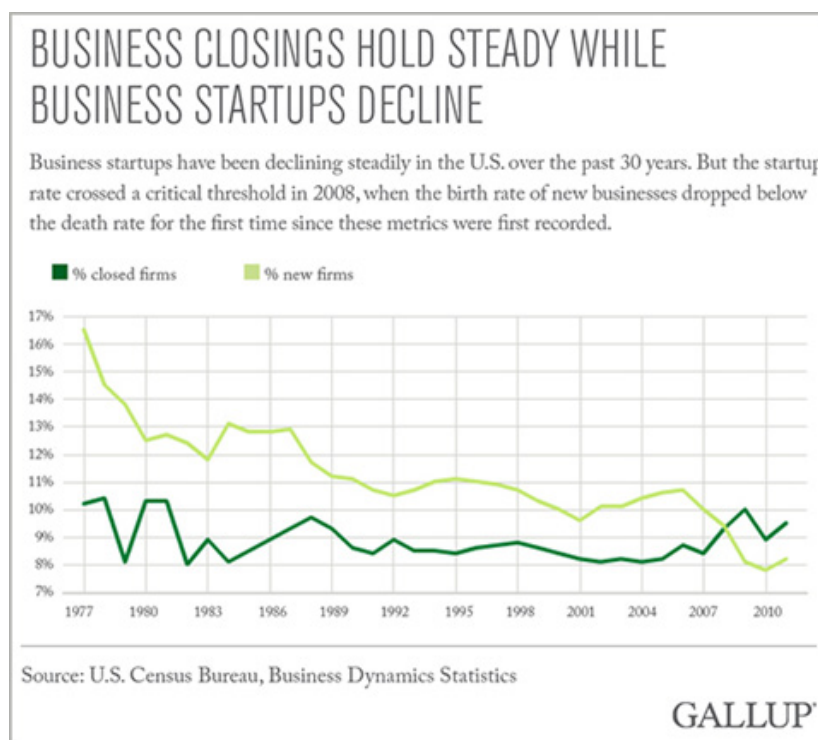
According to recent Census Bureau data, most small businesses don't survive even 5 years (55% failure rate) and 71% don't make it 10 years. This is the real destination of most entrepreneurs and their mind set or personality traits. These are the real statistics.

In fact, the graph bellows shows there are now about 70,000 more business deaths each year than births.

And even more chilling, although there are no emotional ties to statistics; there are deep

My name is Tom Noon. I am the Founder and President of C-Level Services and Catalyst Cohorts. **I understand the pain that a failed business causes.** Here is a very personal story. "I have felt the agony of defeat.

My biggest business failure came on the coattails of my biggest business success. In less than five years, Sona Med Spa was created, survived the turmoil of September 11, 2001, became a franchisor, grew rapidly and was sold to a private equity firm. We sold 160 franchisee commitments in our first 18 months as a



emotions with the entrepreneur that fails! These emotions can lead to poor health, stress, fatigue, broken family relationships, loneliness and even depression.

franchisor. If someone came in for a "Discovery Day", they bought a franchise 100% of the time. Because of a unique disruptive model, we spent almost nothing on marketing the franchise

opportunity. A franchise industry expert targeted our company and partnered with a private equity firm to buy Sona, all IN UNDER 5 YEARS.

After Sona, my partner in Sona and I had a vision to help doctors survive the harsh realities that were building for medical practices. We had another disruptive idea that could have doubled the cash flow of a typical medical practice. But our Pride got in the way. We spent money and time to build our infrastructure, and then proceeded to go to doctors to sell this great opportunity. (Remember our 100% close rate for

franchisees?) Day after day, week after week, month after month, no sales! Doctors were a different sales channel than businessmen looking at a business opportunity. What was a no brainer to a business person didn't get past the doctors screening devices. As the losses mounted and failure was evident, I was more than just a sterile statistic; I was a living, breathing man with discouragement, stress, declining health, and a new thing- doubt about myself. It took a couple of years to realize the true value of that failure as an Experience I could learn from it and share with others!"

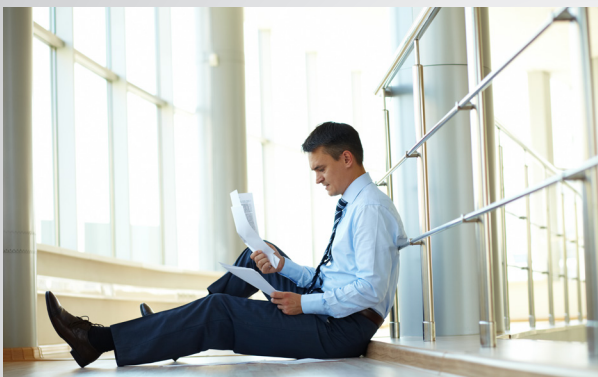
We understand the pain that a failed business causes.



Causes of Business Failure

The Causes of Failure are Remarkably Consistent!

Even in industries with the highest predicted life span, barely 50% survive. Of the 28 million firms in the US, (6 million employer firms), thousands fail monthly even during the best of economic times. In fact during the last seven years more business deaths have occurred than births, for the first time since these stats have been kept!



To understand the contributing factors to business mortality, researchers at the University of Tennessee studied the failures of thousands of small businesses to identify the primary reasons leading to demise. They grouped their findings into broad categories but “drilled down” within each to identify root causes of failure.

The leading cause of business failure was determined to be “Incompetence” (or **Lack of Know How!**). Fully 46% of failures could be explained by this broad-brush term. The specific behaviors that underlie this headline, however, are fairly specific and revealing:

- Taking an emotional approach to pricing
- Non-payment of taxes
- No knowledge of industry pricing conventions
- No knowledge of financing requirements and conventions
- No experience in record-keeping
- Living beyond the means of the business
- Lack of planning

Next in line as a primary contributor to business failure was “**Lack of Experience**”. This condition explained 41% of small business failures. Other reasons for failure included fraud and neglect.

Yes, there is a lot that can go wrong when running a business. If there is one recurring theme to the work of the Tennessee researchers it is that **sustainable businesses just cannot be run “by the seat of the pants”**. Rather, some **element of planning and structure must pervade every aspect of the business**.

How do the 5 personality traits of an entrepreneur listed in the Forbes Magazine article earlier stack up against these reasons for failure?

1. Passion
2. Resilience
3. Strong Sense of Self
4. Flexibility
5. Vision

Hmmm, I am having trouble seeing how these traits can prevent the Failure Stream that is inexorably carrying the entrepreneur toward the Failure Destination.

Sadly, all too many small business entrepreneurs are unaware of the various bases to be covered, let alone possess the tools or expertise to measure performance for each.

Unfortunately, even for the lonely survivors, **Survival seldom turns into long term Scalable Success!**



Sustainable businesses just cannot be run “by the seat of the pants”. Rather, some element of planning and structure must pervade every aspect of the business

2

What got you HERE won't get you THERE!

The Shocking Truth- Only 2% of Businesses ever Grow to 100 Employees!

According to US Census data there are approximately 28 million firms in the US. A whopping 22 million firms have NO employees, and average only about \$42,000 per year in sales. This leaves 6 million firms with 1 or more employees.

On the other side of the Scale, **only 100,000 firms have 100 or more employees; a measly .4% of the total US firms or 2% of employer firms.** Most business literature on growth and leadership analyze the results of these larger firms. These are the companies whose names are our common household names; Apple, Walmart, Target, Ford, Microsoft, Google, Starbucks, McDonalds and others.

In the graph below you can see evidence of an INVISIBLE CEILING made up of natural barriers to Scaling a firm.

The First Scale Barrier

Moving past the first barrier requires a Founder to begin hiring employees, moving from 1 up to 4 employees: average sales jumps from \$40,000 to \$400,000 per year. But complexity skyrockets as government rules and regulations begin to raise their ugly head at every turn. And where does a leader learn how to manage people?

They start reading business books. Some like "Good to Great" that list principles that scaled XYZ Company into the stratosphere or others encourage "Entrepreneurship" leading step by step into increasingly reactive behaviors based on passion, vision and self-determination; it's all so CONFUSING, and ineffective!

This first stage is kind of like a swimmer who has only has to worry about preparing themselves for competition. They can just keep practicing harder and harder and maybe get a coach to show them the fundamentals, but the path to success is pretty straight forward.

Is it any wonder most firms don't live past 5 years?

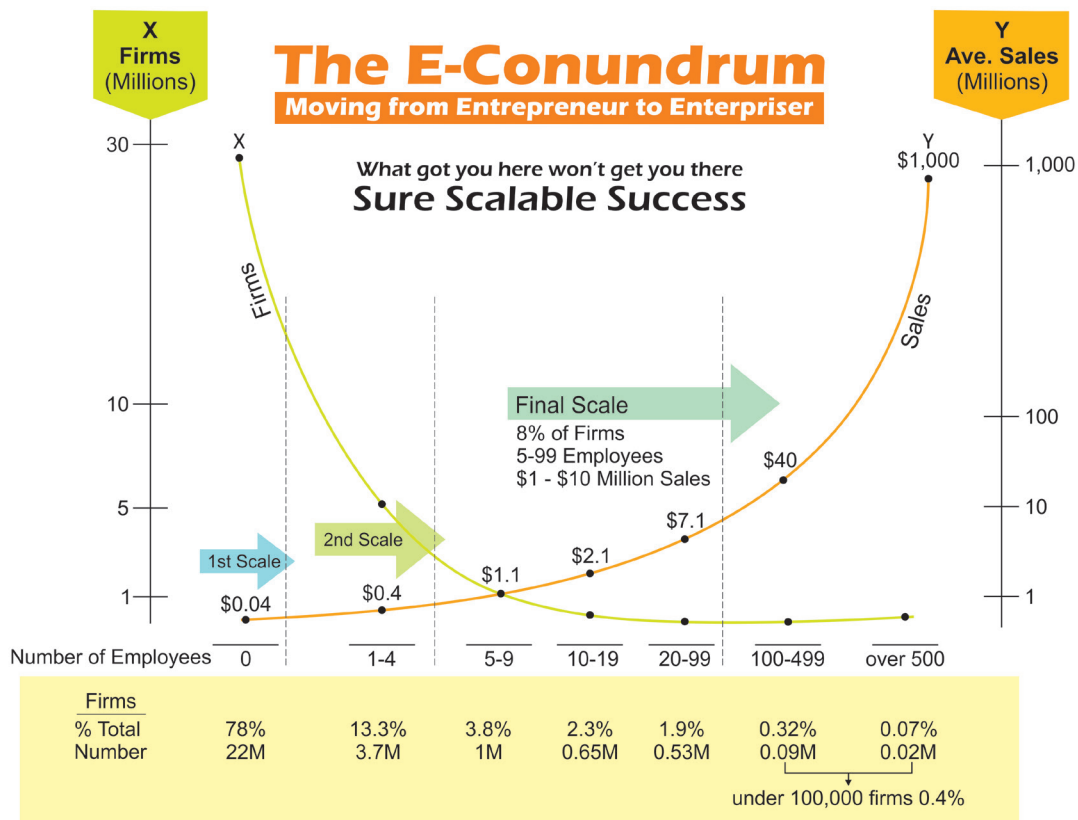
The Second Scale Barrier

The next barrier to scale happens around the 5th employee. Now structure and organization begin. Organization charts and responsibilities, sales and marketing, value propositions and customer support begin to cry for attention. The Entrepreneur has survived to enter THE TOP 10% of all firms in the US. Reacting to daily crisis and demands for attention has become the norm. The \$1 million annual sales mark is celebrated, even as life becomes more



What Got You HERE
Won't Get You THERE!





The E-Conundrum shows that the earlier a founder moves from Entrepreneurship to Enterprise, the easier it is to reach Significant Scalable Success!

constrained by outside forces. Growth and survival precariously perch on the same ledge, and the founder begins to wonder and worry to which side the Company will fall.

Think of this second stage as a sports analogy like a basketball team. Many of the players have roles, but ultimately one player may be able to fill multiple team roles pretty well. Each player must handle both offense and defense. Ultimately, everyone is trying to put the ball in the basket and keep the other team from doing the same thing. Teamwork is important, as is understanding the fundamentals of the game. Planning and strategy start becoming more important as well as looking and tracking stats.

The Third Scale Barrier

The biggest barrier, getting from 10 to 100 employees requires a NEW Paradigm; a new way to look at the world, because no longer can leadership be based on the entrepreneur solving the daily crisis coming through the door.

Business must become a different game. It's more like football, where every player has a unique role. Offense and defense are different players. There are specialty coaches and an on field quarterback that makes sure everyone is aligned with the plays being called. Entrepreneurship must completely give way to something new, Enterprise! The E-Conundrum has hit. The founder team has discovered:

**What got you HERE
won't get you THERE!**

3

What is the Path to Success?

It Isn't What you Might Think!

We see from the E-Conundrum that Business Survival seldom leads to Scalable Success. Only a miniscule **2% of employer firms in the US ever Scale to 100 or more employees**. The very attributes that help lead the Entrepreneur to Survival, are the very ones that **Prevent their Success!**

What are these Survival instincts in action?

1. Passionate, confident attention to details.
2. Detailed Product or Service expertise.
3. Long, hard hours of work.
4. Being a HERO and able to solve any issue that comes in the door.
5. Being Indispensable to customers and employees.
6. Having a dream of the future that just isn't happening

These are the previously mentioned Forbes Magazine Entrepreneurs' personality traits in action; *Passion, Resilience, Strong Sense of Self, Flexibility, and Vision*.

The fact is, business is getting harder and more complex and today's superhuman workload will be the bare minimum in a few years—JUST TO SURVIVE! As mentioned before, each year more businesses are dying than being born in the US!

As a Company has some success and begins to grow, employees are added, complexity skyrockets, new issues surface, new competitors emerge, more time is required, and the bottom line suffers.

These “put your head down and pay attention to every detail and jump on each issue coming in the front door” character traits are exactly the opposite of the Leadership traits needed to SCALE an Enterprise!

Knowledge as an Answer

*Lack of Know How and Experience
Are Corrected by Knowledge!*

When you add up the reasons for Failure, research shows that an AMAZING **90% are attributed to some form on lack of Know-how and Experience**. Even for Companies that don't close their doors, these very same reasons prevent Success in growing or Scaling a business, it's the reason for that Invisible Ceiling to Growth.

PARADIGMS

Discover THE Underlying Answer!

Scientific research says that small improvements come when a Continuous Improvement Process takes place, but **GAME CHANGING improvements require a Paradigm shift!**

How we think about major subject areas is called a Paradigm. The vast majority of disruptive innovation comes from a changed Paradigm or mind-set. Columbus changed his Paradigm from the common belief that the world was flat. He said “no it’s not, it’s round. So let’s sail east”. No paradigm shift would have meant no change in behavior for Columbus and equals no USA.

The dirty little secret is that, the bane of consultants, mentors, and other advisory organizations and systems is consistently one failure point- Lack of Change!

People tend not to change until the pain of change is less than the pain of staying the same. That may not be wise, but that is a statistical fact.

Unfortunately, with this mind-set, the outcome of failure is built in and usually too far along when the Pain gets large enough. Hence the high rate of failure in small and mid-sized businesses.

Paradigms affect how practical Experience learned through Facts or Experience is applied or not applied.

This is the E-Conundrum!

You can't Survive and Scale with an Entrepreneurial mind set! You have to change your Paradigm and then your application of Knowledge.

Here is the ONE Answer that can put you on the Path to Success!

JUST STOP IT!
(caps mean shouting)

You can't Survive and Scale with an Entrepreneurial mind set! You have to change your Paradigm and then your application of Knowledge.

The few who survive won't succeed at scaling with the habits and mindset that an entrepreneur brings!

The first step to Long Term Scalable Success in business is to start thinking like an Enterpriser.

Here is how an Enterpriser Thinks:

1. I need to be a **Great Leader**
2. I can **NOT** be Indispensable.
3. I must be **Purposeful** not Reactive.
4. All assumptions need to be tested, to find the **Truth**.
5. I need the **RIGHT People** doing the RIGHT Things the RIGHT Way at the RIGHT Time for the RIGHT Reason.
6. Everyone in a transaction must be **Winners** for long term success.
7. I need a passion for excellence as I Steward resources and Serve Others.
8. **Relationships** are more important than transactions.
9. I need a **Long Term View**.
10. I need to change the way I **Think** and become a lifetime learner.

Doesn't sound like the typical Entrepreneur, does it?

No. Because these are the Paradigms of an Enterpriser!



4

Enterprise Value Creation

How Can a Typical Small to Mid-Sized Business Owner Change Their Paradigm?

When we created Sona Med Spas we were never an Entrepreneurial Company. We were an Enterprise from the first day, even before we had employees.

We created a disruptive strategy to change an industry, had a detailed plan in writing, systems and procedures documented, including an Organization chart for startup and each of our first five years to match our projected growth curve, and a Leadership mentality.

What do I mean by a Leadership mentality?

Most businesses are started by a Product or Service expert. They know the product or service extremely well. So they can build a great product or deliver a great service and proceed to use their resources to get that product or service into the market. Because they are an expert, they typically are the product or service provider, and usually start with a worker mindset (Paradigm).

The Leader of an organization cannot build it with a Worker mindset, or even a Manager mindset.

1. Worker Mindset – I know how to do all the details and all the important and critical tasks, so I need to be involved at this detailed

level to make sure the right things happen.

2. Manager Mindset – I know how to do all the details and all the important and critical tasks, so I will tell you what to do to make sure the right things happen.

3. Leader Mindset – Follow Me. I trust our systems and processes so I trust you to do the right things.

How do you get a Leader Mindset?

Leadership is Caught and Taught

Sam Schwartz could have been a twin of Sam Walton the founder of Walmart; outgoing, tall, good looking, charismatic, and enthusiastic.

The day I walked in the door as his Controller, he let me know I was his trusted financial guy. He relied on me, asked for and took my advice. I fell in love with Sam, like a Father. I would run through walls for him. Soon I was his Chief Financial Officer and right hand man. We tripled sales of our big box retail company in six years and had the highest return on capital in our industry.

Sam was a LEADER! I first caught Leadership from Sam by how he treated me and everyone else, and by paying attention, Sam taught me Leadership through experience.

L4L Cohorts Was Created to Help Owners Catch and Teach Leadership

The Surprising Answer Takes Shape! Find A NEW Path to Success.

Through C-Level Services, for several years, I have been helping small and mid-sized companies survive and scale through a very rough economic market. But I became frustrated at how few Companies I could personally help. I could only help about 10 companies at a time.

I was personally violating one of my main Paradigms. **You must be dispensable to your business.** The day that becomes a reality, you double the value of your business.

But I was Indispensable to my business. My unique mix of experience in a broad mix of industries, size of Enterprise, and life lessons could not be easily replicated in the old format Consulting practice.

I needed a NEW PARADIGM!

So I started the Innovation Process ¹ (One of the foundational legs for Scalable Success).

I created my Minimum Viable Product, the Web Software Portal, curriculum, scientifically backed research on how people best learn and CHANGE, my systems and processes, a feedback loop, Lean Startup Process, Customer Development process, Business Model Canvas, and a support team with collaborative skills and backgrounds.

Out Came

Leadership 4 Leaders - (L4L) System and Catalyst Cohorts.

Catalyst Cohorts¹ uses the L4L System and together they include:

The L4L System:

- 1. A Unique New Cloud Technology Portal that gives the Cohorts' Members a safe place to store and share information, and collaborate.**
- 2. A Proprietary, online learning platform, the L4L Academy, with**
- 3. A Unique Topical Curriculum based on a broad range of Enterprise level experience.**
- 4. A Top Level Advisory Council of National Thought Leaders and Best Practices.**

Catalyst Cohorts:

- 1. A Peer to Peer Brain Trust of other Experienced Business Owners on the Enterprise Path.**
- 2. A "Bumper Buddy" program to encourage change and enhance accountability.**
- 3. Regular scripted meetings to find Leverage Points that can transform your Enterprise.**
- 4. Leaders training Leaders as members train their Leadership teams on topics in the Cloud Training Portal and implement changes immediately into their organizations!**

¹ Catlayst Cohorts would not have been possible without our Weekly Bible Study Brain Trust meetings.

Four friends started meeting in my office at 6:30 am weekly with a very simple format. First Bible Study, then a Free Smart Tank service to help local business owners with their opportunities and Issues.

In less than 2 years, 4 turned into a standing room only meeting of 18 to 19 around a table seating 10. So I asked them, "Why did you come and stay?"

Here are their unedited responses:

- 1. Relationship building***
- 2. Right role models***
- 3. Positive, honest feedback that makes a difference***
 - Synergy- insights from others***
- 4. Accountability***
 - Nudge to stay on course (positive influence)***
- 5. Edify each other; do life together***
- 6. Safe place- no agendas and can be humble***
- 7. Expanded resource network building***

From this simple list of felt needs among a broad range of business owners and non-profit leaders, the idea of Catalyst Cohorts was birthed.



Turning Your Hopes Into Reality!



www.catalystcohorts.com