

# Defining Business Drivers

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The term 'business drivers' is a relatively new term in that its use in general terms is reasonably new. Business drivers of course have been around as long as commerce has existed however with a new sense of global expansion there is a more intense need to define the way we do business and market our products and services as we entered the twenty-first century.

The term 'key business driver' simply refers to those influences that have a decisive impact on the net results our operating as a business, influencing our bottom line profit or other objective of the business; some businesses do operate for other reasons than just to make money!

Professor John Quelch defines 'business drivers' as "leading indicators of financial performance" <sup>[q1]</sup> which tends to narrow the field down to simply the theoretical observances of the business metrics (how it operates and its product sales success) that will influence the decisions made in respect to ongoing decisions of the business. Though that is true there is another aspect to 'business drivers' and that is the more tangible elements of marketing and production that make the business succesful or not, that place the product and service in front of the market so that the business is driven to be successful.

There are therefore internal and external elements to Business Drivers.

## **Why the Sudden Need for 'Indicators of Financial Performance'**

In times past many businesses survived and grew in a climate of less stress and concern about 'success' and 'failure'. A business was operating to supply a local market, generally the local township, a product or service. A plumber was sometimes the only plumber in town and there were usually enough 'pubs' (hotels) in town where a gentleman and lady could quech the thirst!

However with growing populations and wider influence by larger corporations many small businesses find it a struggle to compete and many have dissappeared completely, often without need. Those small businesses who have survived even with the threat of larger corporate competition have usually worked out how to be 'smarter' at their business, how to be more than what was expected of them in times past. The plumber has had to learn to be a book-keeper, tax consultant and marketing expert in addition to knowing how to fix a leaky tap.

Newer and often younger operators, many of whom have been well trained in commerce, marketing and management, provide stronger competition that in the past and those of past generations have had to learn to do things in the modern world.

Take the *Internet* for example. Most businesses today are aware of the need to 'get online or get left behind'. However being online is more than just spending thousands of, more often than not unnecessary, dollars having a website built and placed online.

Most websites are still, with all due respect, unfortunately built by graphic designers who know little or nothing about marketing and how to sell the product of the client on the World Wide Web. Most websites still are about selling the web designers product rather than the clients, and many waste thousands on development and then on top are lured into spending more on SEO management that should seldom be needed if the website was built properly in the first place.

Those who have successfully found their place on the web have been able to benefit from their online presence and have expanded their business.

### **Internal Business Drivers**

*Internal Business Drivers* are the business metrics that Professor Quelch refers to, the 'indicators' of the success of the business. A business needs to know what is **going** to drive their business, if they are in the planning stage, or **what is** driving their business, or not, if they are in the operational stages of business.

*Internal Business Drivers* are the influences of success for a business once the customer has come to the business to purchase something or use a service. Has the product first of all been successfully presented to the potential client so that the sale is made. If not, why not? If a business consistently sees potential clients walk out the door empty handed there are answers that are needing to be found.

What if a sale is successfully concluded? What can be done to analyse customer satisfaction and the chances of the client returning again.

Other 'indicators of financial performance' will be deeper inside the business operations. What are the costs and effects of the means by which the sale was successful? Is the business creating a situation where it is making a profit? What are the 'business **profit** drivers' of the business?

These and many other questions need to be addressed to remain in, and successfully grow a business in todays commercial enviroment.

### **External Business Drivers**

*External Business Drivers* are the tools and implements by which a business attracts customers and through which the business grows. *Marketing* and *Brand Awareness* are two of the more influential *External Business Drivers*.