

How to achieve Business Growth in the New Economy

Build the value of
your business by
implementing a
strategy for growth

TRANS  CAPITAL



Introduction

The world is changing ever faster and drivers of businesses have to be on their mettle just to keep up with what is happening all around them, let alone finding time to create ambitious new strategies for growth.

The business that stands still and doesn't move as the world changes around it will gradually shrink and eventually die or be swallowed up. Just look at Woolworths, Jessups, Nokia, HMV, and Blackberry.

For successful organisations, the quest for growth never ends.....

But just how does a business owner make the right decisions for their firm at the right time. And in more practical terms, where can you find the time and expertise to devise when, how and what those decisions should be?

In this eBook we look to help you make sense of the challenges facing any business with aspirations to grow by offering practical guidance on:

- How to find the right growth formula for your business
- Understanding what makes sustainable business growth and how to implement a strategy that achieves it
- How to get the right support when you need it
- Why the right kind of leadership is crucial
- Securing the right business finance for growth



Chapter one: How to find the right growth formula for your business

As you will be aware, it is commonly held that it costs on average 8 times more to acquire a new client than it does to retain an existing one. Indeed, a recent article by The Chartered Institute of Marketing estimated that the figure can be far higher, even up to 30 times more!

Most business owners and managers recognise the need to be constantly working at their strategy to ensure they remain competitive and ahead of the game. Unfortunately, they rarely seem to find the time as the day job has the unfortunate habit of getting in the way!

It could be argued that running and developing businesses has never been easier with the Internet potentially giving us immediate access to all the advice we could ever want. However, this mass of information presents its own set of issues in that managers never seem to have enough time to sort through it all and to take on board what's relevant to their businesses.

No 'magic' formula

The problem is that you can't develop new strategies by numbers, as planning for business growth is as much an art as a science. Unfortunately, there is no one formula for success as, if there were, of course everybody would be using it. Every business is different, and the conditions within which it trades are constantly moving.

If you think about any organisation, and the complex ways in which things work, with the unexpected power bases and the, sometimes strained, interactions of individuals and indeed business sections; it is no wonder that every business has its own unique way of doing things.

On top of these issues, and even in the smallest of organisations, there will often be a lack of co-ordination of resources. The old adage, the left hand doesn't know what the right hand is doing often rings true.

This is not to mention cash flow and the availability of finance, which seems to be a barrier to growth for many businesses.

Chapter one Continued

The immediate challenges to business growth planning

Whilst all business owners and managers recognise the need to be striving for growth, it seems that there are two big obstacles that get in the way:

1. Time (or lack of it)

How do we find time to step back from our businesses to work on growth strategies when we are:

a) totally engrossed in the day job, and worried that by taking time out we might jeopardise what we already have;

and,

b) not entirely sure what this growth strategy development thing is going to look like, therefore unsure as to how long it is going to take and, most importantly, if it is going to be successful?

2. Who to work with to make it happen?

Most managers recognise the potential benefits of working with an experienced external resource to assist in the development and implementation of growth plans. A fresh set of eyes, particularly from someone who has been successful in this area in the past, is likely to prove invaluable. In addition, the time requirement can be accurately identified and managed, and the chances of success are high.

And yet... there's often a reticence to addressing these two areas of challenge.

The challenge around time is something all business owners wrestle with, and often it's easier to push strategy to the bottom of the list of demands on that time. Similarly, with regard to seeking assistance in growth planning, there is an enormous amount of advice out there - possibly too much - and consequently, it can seem that it will require an enormous amount of research and legwork to get to the right person or organisation for your business.

We will return, in Chapter 3, to consider how best to decide what the right advice might look like for your growth situation.



Chapter two: The key attributes of sustainable business growth

The surest thing in business is that things will not stay the same. Markets are continually changing, and after a period of relative calm, we then have a boom period followed - as sure as eggs are eggs - by a bust!

The smart thing to do is to be constantly on the lookout for signs of either, and to be able to adjust your growth strategy accordingly.

This can be achieved through a combination of insightful strategic thinking, forecasting, accurate communications, ensuring your business resources work in a harmonious way and lastly, by retaining as much flexibility as possible in the cost structure of the organisation.

Whilst the business environment is constantly changing, we believe that sustainable business growth is founded on “five pillars” that remain constant and underpin the development and implementation of all successful growth strategies.

Developing the five pillars of sustainable business growth

1. Plan your growth strategy

As we have already discussed, given the unique characteristics of every business, it naturally follows that every strategy development plan will be different. However, the three cornerstones of any strategic plan are:

- i. The strategy has been developed to achieve a specific business purpose
- ii. The strategy is fully aligned with the current market and economic environment
- iii. The strategy is giving your customers what they want

As a sense check, it is worth making sure that the strategy is:

- a) Suitable (for the market the business operates in)
- b) Feasible (within the available physical and financial resources)
- c) Acceptable (to all stakeholders)

In terms of developing your growth strategy, start by reviewing the market within which the business operates; you should look to encompass the following:

- What are your competitors offering?
- What are you offering?
- Are you using the right distribution channels?
- How do you plan to grow?
- Do you have the necessary finances in place?
- Are your business resources fully co-ordinated?
- Do all your staff understand both the wider strategy and their role in it?

Chapter two Continued

This is where an external coach or mentor can provide great assistance. They will challenge your thinking and help you to take an informed but slightly detached view, and provide new insights into developing a new strategy.

2. Brand identity

It is vital to the plan that your brand identity is accurately communicating the market offering. This is vital not only to potential customers but also to staff and other stakeholders who need to be fully aware of what the brand stands for, such that the message both given and received is entirely consistent.

This communication should be constantly reinforced by the behaviours of the business' leaders, as most employees seek to imitate their bosses in some way or another. Good and bad!

Think of your brand as a gold bar that needs constant shining and polishing; more on this in Chapter 4.

3. Co-ordination of resources

A high growth strategy is NOT just about making more sales!

Make sure that the various functions of your business are fully co-ordinated to achieve optimum outcomes. This whole piece is as much about the organisation's culture as it is its processes.

If you are able to engender a healthy culture where there is an environment of mutual respect and support, this co-ordination will happen automatically.

Open lines of communication, working in tandem with some form of organisation-wide performance dashboard will enhance this co-ordination of resources and ensure that all within the organisation are working towards the same ends. The team will be fully committed and motivated - and enjoying their work.

4. Flexibility

Retain as much flexibility as possible with your plans. Strategies in today's business environment need to be regularly reviewed and adjusted, so it makes sense that when changes or adjustments need to be made, they can be actioned with least cost and disruption.

Many companies are likened to ocean liners that can sometimes take days to change direction. Using the nautical metaphors, we would recommend that your organisation is more like a powerful motor cruiser that is both agile, and highly manoeuvrable.

Chapter two Continued

How can you achieve this?

- Employ and train your staff to be multi-skilled – The more flexibility you have in this respect the better. It is far better to pay a little more for someone who is able to cover a number of roles and who has the ability to learn new skills if and when you move your business model.
- Property and asset commitments – Keep this all to a minimum and give yourself as much wriggle room as possible. A break clause in a lease in as short a time as possible is a good example of this.
- Outsourcing – In today's world you can outsource virtually every aspect of your business other than the particular (hopefully unique) offering that your business brings to the table. Payroll, IT, Accounts, Marketing and even Sales can now be outsourced.
- Consultants – When you have one-off projects, or a particular problem, use a specialist to deal with this. It will probably give you a quicker and better result than doing it yourself, using one of your existing staff; or worse still taking on a new member of staff.

The ability of any business to be able to change course quickly and not be constrained by onerous fixed contracts and costs is invaluable when developing a high growth strategy.

5. Action

It's simple – do what you say you are going to do.

Grand plans are great, but end up being absolutely worthless if the strategy is not implemented.

Not doing something you have said you are going to do sends a terrible message out to everyone you work with, and worst of all to yourself!



Chapter three: Finding the right person to help grow your business

The availability and flexibility of management advice

As we mentioned earlier, there is an enormous amount of management advice available out there on the Internet, and a large number of business consultants and advisors, all seeking to sell their services to potential customers.

Many of these advisors will be using their favourite management models and theories in every situation they come across!

It is clear that all management theory is contingent upon the situation that it is being applied to, and that every situation is different. If we accept the premise that you can't fit a square peg into a round hole, it follows that in business management, whilst the peg could be made to fit with a bit of a push, it is likely to do a lot of damage on the way in.

Thus, however good one particular management theory is, if it is being used in the wrong situation, it will invariably do more harm than good.

Businesses develop in different ways

All businesses are made up of a unique set of actions that when pulled together work to make an offering (hopefully attractive and hopefully profitable) to potential customers.

During its life a lot will happen to this business:

- It will probably need to raise some form of business finance
- It will take on some premises
- It will recruit new staff
- It will lose staff
- It will gain customers
- It will lose customers

With all these events happening at different times, and in a different order, it is not surprising that every business develops in different ways with its own unique way of working.

The requirements of each business are therefore entirely dependent upon all these actions and interactions, and where they are at any point in time.

It is simply not possible to employ the same strategy and hope it works for everyone!

Chapter three. Continued

Choosing the right advice for your situation

Any coach, mentor, consultant, or advisor that is really going to make a difference to your business, and help you develop a successful high growth strategy should, of course, possess a deep understanding of all the relevant management theories that could be applied to the organisation.

However, it is also vitally important that they have the practical experience required to bring this theory alive. It would be useful for them to have successfully run their own business, for instance, and to have experienced the good times and, most importantly, weathered more challenging situations as well. It is only then that they can see the bigger picture, take all of the individual issues into consideration, and advise accordingly.

After all, we don't want our brain surgeons to have read about it in a book!

More Practical than Theory.....

It is our belief that truly imaginative and workable business growth strategies are derived 80% from experience, and having an inbuilt ability to quickly gain a deep understanding for the issues at hand; and 20% about using appropriate business theories. Whilst experience is the dominant factor here, one does not work without the other. You have to understand the theory as well, not only in relation to the business being advised, but also in relation to the wider (external) environment within which it is operating

It is that tacit knowledge of business and the interactions of staff, customers, funders and the business offering itself, that then enable one or more options to be developed. This can then lead to the implementation of a truly great high growth strategy.



Chapter four: Grow your business with a strong brand

The brand identity of any business communicates to its customers, employees and other stakeholders what the organisation does and most importantly how they do it.

We often ask our clients to imagine their company name or unique logo in six foot high letters made entirely from pure gold - very shiny gold.

This gold nameplate is then placed at the entrance to their premises, either mounted on an outside wall or preferably on a plinth in their reception area.

It looks very impressive and has significant value.

Businesses are encouraged to visualise caring for this gold bar every day by continually polishing it and making sure it doesn't come to any harm.

The gold bar is of course a metaphor relating to the care of the organisation, and by continually polishing it and making it gleam you are enhancing the reputation of the business.

This is of significant benefit when implementing a high growth strategy.

Visualising the gold bar

The idea is to get your people to start thinking about all the actions they take within the business as being either those that care for, or alternatively, those that damage the gold bar.

It seems that it is much easier for them to visualise the golden brand name and think of that when they are having an interaction with a client - it is sitting there right behind them, gleaming.

Making it shine even more

Every time they are able to make this a positive interaction and provide top quality client care, it has the effect of polishing the bar and making it gleam more brightly. This is particularly the case when the issue at hand is not the actual responsibility of the individual, and instead of either transferring a call or saying they will get someone else to call, they deal with it. They make sure the client's issue is either dealt with or that the person who they need to speak with is fully briefed and on the case.

This really makes the bar shine.

Chapter four. *Continued*

Damaging the gold bar

On the other hand, we describe what happens to the gold bar when the client receives poor service. Every time the individual having the client interaction - with the gold brand name sitting right behind them - provides poor client care it has an adverse effect and takes away the shine, making it duller. If the care is very poor, it will make a scratch in the bar and in the very worst cases actually take a chip out of it!

It is easy to make the gold bar duller simply by giving the impression of not caring. When we are the client, dealing with a supplier of whatever it is we are buying, we want to believe that the person we are dealing with actually cares. In many cases this is more important than achieving a resolution to whatever it is that has been raised with the supplier.

When the client experiences care below that which they have been promised, or led to believe will be in place the bar suffers real physical damage.

This is a good time to point out that repairing the damaged bar, especially if it gets a big chip taken out of it, is difficult and will take a lot of effort to recover.

The best client service is achieved when you keep polishing the gold bar and never let it suffer any damage!



Chapter five: Why business growth requires leadership

Leading and managing a successful high growth strategy needs a blend of skills and qualities.

When we think of the term high growth, we often think... 'How do we increase sales?

The strategy outlined in this eBook is about the whole organisation, and ensuring it works together as one unit towards a common goal.

The crucial role in the first instance is that of the planner. The person, or people, who lead the process and make sure that it happens.

At the start of this process the planner needs to be able to undertake some honest self-analysis and decide if this is a task they are best suited to, and whether it may make sense to work with a small team to plan and implement the changes.

Once this has been completed, the planner (and associate?) need to do some further analysis of the team and make sure that the right people are in the right positions to facilitate a successful and sustainable implementation of the strategy.

When deciding upon these roles it is important to recognise the contingent nature of leadership, and how even potentially great leaders can fail in the wrong situations, as shown in the following examples:

1. Winston Churchill

His name is synonymous with great leaders, and for many is the greatest British leader of all time. Ironically the period for which he has this stellar reputation is the Second World War, which didn't start until he was 65. Up until this time he had enjoyed a very good military and political career, but not great. When the war began, and he became Prime Minister, he showed truly great leadership skills in the wartime environment. **Right leader - right time**

The British people were very grateful but recognised his skills were possibly not designed for peacetime and the country's post war recovery, and quickly voted him out of office. **Wrong leader - wrong time**

Chapter five. Continued

2. Margaret Thatcher

Margaret Thatcher surprisingly came to power in 1979 and struggled to make a difference for the first couple of years in the wake of the Winter of Discontent in 1978 and the stranglehold of the unions at that time.

The Falklands War made the difference and she proved herself to be a good wartime Prime Minister which led to her re-election in 83. Following this her power increased and she led Britain into a new era of prosperity in the 1980s. **Right leader - right time**

The environment changed, she lost her edge and she was unceremoniously bundled out of power in 1990.

Wrong leader - wrong time

These examples underline how important it is to every organisation to make sure they have leaders in place whose style and skill sets are appropriate for not only the requirements of the chosen strategy, but also the culture of the organisation and the external environment.

It's difficult, but the consequences of getting it wrong in the first instance, or not changing when the time is right, are critical in ensuring the future success of the growth strategy.

Chapter six: Funding a Growth Strategy

There are a wide number of options available to the business seeking to fund a growth plan.

There are likely to be two areas that will need funding, depending on the strategy.

Firstly, there will likely be some additional cost if the new plan has determined that there is a need for additional resource. This could include a coach or mentor to work with you in developing said plan, and/or additional marketing spend, a strengthening of the sales team or other physical resources that enhance the current offering.

The second area to be considered is the need for additional working capital if sales increase. This will obviously depend upon the credit cycle of individual businesses, and how quickly suppliers need to be paid measured against the time it takes for your customers to pay you.

These two additional financing requirements can be forecast with a good deal of accuracy and should be incorporated into the Cash Flow forecast as soon as the planning phase has been completed.

Once you know how much is needed, there are a number of ways that this can be financed:

Existing business cash flow: If the business has sufficient available free cash flow, this is the easiest and most cost effective method of funding, with profits being re-invested into the development of the organisation.

Director's loan: There is nothing like using your own money to concentrate the mind on maximising the return on investment by ensuring the success of the new strategy.

Friends and family: If friends and family are prepared to back your plans, this funding can be put in place quickly and efficiently, and depending upon the terms of the loan, gives significant flexibility.

Bank facilities: Bank overdrafts and/or loans can be an effective route to those who do not have the option of self-funding. They are likely to be time consuming, and are increasingly difficult to secure without providing significant levels of security, particularly for the SME.

Crowd funding: There are an increasing number of options available in the crowd funding sector and these facilities can be put in place relatively quickly. This option is likely to be more expensive than bank finance.

Invoice finance: This is a very effective option to fund the additional working capital needed for the new strategy. There are an increasing number of options available in the market place, meaning that businesses no longer need to fund the whole of their sales ledger.

Conclusion

We hope this eBook has helped in stimulating your thoughts for developing a new growth strategy.

Successful plans that create a sustainable increase in sales and profits are based on making the whole organisation work more effectively, more harmoniously and in a way that is supportive of the company's growth ambitions.

We believe that by stepping back and undertaking an honest appraisal of where you are now, the current market conditions, and where you would like to get to, an ambitious and achievable plan can be developed and implemented that will truly take your business to the next level.



About Us

Trans Capital Associates is a strategic and financial consultancy providing solutions that facilitate growth in ambitious micro, small and medium businesses. With 25 years' experience of owning, operating and advising businesses, Trans Capital prides itself on being a resource for business owners and managers who need experienced, independent and impartial advice on the best ways to develop sustainable business growth and create real enterprise value.

We help create a platform for you to take the business to the next stage. Whether you are looking for new growth strategies, business management solutions or business finance solutions, we have a proven track record of success.

Call us on **0845 689 8750** or email us at info@transcapital.co.uk to discuss how we can tailor growth solutions to your business size and circumstances.

SHARE THIS DOCUMENT

