

Grower's Market



Don't just dream about how to grow your business. Take the first steps to increasing its success now, says **Linda Hailey**.

Is the new financial year going to be a big year for your business? Have you started planning for the next big growth spurt? It's that time of the year again when we make our resolutions for business success; but are you really ready to ramp up your business to the next phase? Well, in my experience you know you're ready to grow your business when you find yourself saying one of the following things.

- **"I WANT TO WORK ON THE BUSINESS NOT IN THE BUSINESS"**

If you've read *The E-Myth* by Michael Gerber you will be familiar with this sentiment. Being the technician or worker in your business can be satisfying for a while but eventually you want to expand your horizons. Often people talk about working on the business can see opportunities and know the only way of achieving their goals is to make the business less reliant on them

- **"I KNOW THERE IS MARKET DEMAND FOR A NEW PRODUCT"**

During the start-up phase we are often so product focused we just can't see the wood for the trees. We spend all our time building the same bigger and better mousetrap. The day you start focusing on the marketplace is the day opportunities start to present themselves. If you are beginning to 'hear' what the market is saying this could be your first step to growth.

- **"I COULD SELL MY PRODUCT OR SERVICE TO A WHOLE NEW MARKET"**

One of the most satisfying things we can do in business is build a strong, loyal following for our product or service. Sometimes growth comes from the need to do it all again and the desire to introduce our brilliant product to a whole new market. One client of mine did this brilliantly with a software package that worked in one small industry which she has now modified and marketed to a much larger industry.

- **"I NEED A CHALLENGE!"**

Sometimes we don't need to justify the decision to grow; we are just ready to take off on a new adventure. This is a really common statement with more entrepreneurial business owners. Just make sure you aren't walking away from your existing product, market or concept too soon.

- **"I NEED MORE VOLUME"**

Sometimes we need to grow to become more profitable. If you aren't taking a salary from your business or are not getting the best deals from suppliers you may need to increase volume to make your business more viable; eating shouldn't be an

optional extra just because you own a business! The drive for more volume can be a great motivator to grow your business

- **"I WANT TO CAPITALISE ON MY INVESTMENT AND EXPERTISE"**

If you've been nurturing your business for years and years you may feel it's time you received a serious return on the time, money and energy you have invested. I call this the 10-year wake-up call. Businesses often move into the expansion phase of growth when the owner realises that the business needs to grow so it can be franchised, tackle major markets or even be sold on to fund a semi-retirement lifestyle.

- **"I SEE POTENTIAL FOR EXPORT"**

Identifying export markets can be a real growth motivator as you suddenly realise that you will need to ramp up the whole operation to meet the demand from these larger markets. Of course you also need to take into account that tackling this new field can be time consuming but significant growth can be a great reward.

- **"THERE IS POTENTIAL TO FRANCHISE OR DISTRIBUTE MY PRODUCE OR SERVICE IN A WHOLE NEW WAY"**

Just like owners who identify opportunities for export, those who spot opportunities to franchise, start online selling or license their delivery systems so they can see the way forward through growth. Typically this happens around the three- to four-year mark as businesses move into take off or around the 10-year point where business owners tackle major expansion projects.

- **"I NEED TO CHANGE DIRECTION"**

One of the joys of owning your own business is the flexibility it gives you. An existing business can be grown to support the needs of the business owner. For instance one client of mine grew her recruitment business so it could be sold and the funds used to launch a new venture that was close to her heart.

So, did any of those statements ring a bell for you or your business? You may be in the perfect position to grow your business but growth usually means change and change always means challenges. You can increase your chances of success by understanding some of the barriers to small business growth.

In 16 years of small business consulting I've discovered the number one hurdle to growing a business is you, the owner. Your attitude to change, willingness to think outside the square and even your levels of optimism will all have a dramatic impact on growing your business. No matter how you cut the cake it's all

down to you so make sure you're not holding the business back. And it's not just your attitudes that will make a difference. Do you have the time to commit to your business to plan for growth, make sure it happens and monitor your progress? Your business will struggle to grow if you can't invest time to make it happen. And don't forget your energy levels. If you don't have the get up and go to cope with the day-to-day running of your business, how on Earth are you going to find the energy to take on more?

Once you've worked out whether you've got what it takes to make your business grow, think about your existing staff. Do they have the skills you will need in your bigger and better business? Do they have a mindset that will help you grow the business or do you surrounded yourself with 'doomers and gloomers' who want their world to stay the same. Worse, do you employ a team of energy suckers who sap your confidence or sabotage your growth attempts?

Do you lack the specialised expertise you will need to grow your business? Perhaps this is experience with a new industry or a manufacturing technique. No matter how great your idea for growth it won't happen without the knowledge and expertise. This is a really common problem for businesses in the take-off phase around four years. They often know where they want to go with their business but have no idea of how to get there, which is why it can be a good idea to use a consultant or advisor. Another key barrier to growth is your systems and procedures, infrastructure and equipment. If it's outdated or overloaded it could spell disaster. Before you grow your business you need to check that your existing systems will cope with the increased volume of business you will generate in the growth phase. I worked with one business whose plans for market domination were shattered when they lost the chance of supplying a major retailer. The buyer for the national chain wasn't convinced their production process would cope with the increased volume and unfortunately the business owner had no manuals or documentation to prove it would!

So, what else can sabotage your growth plans? The marketplace; if you haven't done your research or misread the market, your plans for growth will be history before you even get started. And don't underestimate the power of a sales focus in your business. You can have a great product, heaps of demand and great potential but your business won't grow unless there is an emphasis on sales. I worked with an engineering company who had been trying to grow their business for years but when I came on board I soon realised that everyone in the company was from an engineering or technical background. No-one knew how to sell, in fact they all thought



sales was crass, commercial and slightly tacky. So despite having a great product, their business floundered until they realised they needed to focus on sales to grow.

The last two barriers to growth are often the first ones we think of. They are lack of funds and competitors and surprisingly, are in some ways the least important. It is easy to fund growth out of your existing revenue. One client of mine developed a customer service program where they offered clients free on-site reviews of their software program a year after initial installation and netted \$80,000 from upgrades and training in just six months. That revenue was earmarked especially for implementing growth strategies. Of course, you may need to borrow money or look for venture capital to tackle major growth like setting up interstate offices or franchising. And nine times out of 10 competitors are not nearly as threatening as they seem. In fact, growth may help you position yourself in the market so you are no longer compared to your competitors.

So are you ready to break through those barriers and go for growth? What can you expect in the months ahead? What are the attributes of businesses dealing with growth?

- The first attribute of businesses undergoing change is they become introverted, not extroverted. This doesn't mean they become shy or stop being the life of the party. It simply means that they are inwardly, not outwardly focused. In other words, controlling what is going on inside the business becomes more important than what is happening in the marketplace. If you think about it, growth often means changing systems and procedures, re-training staff or focusing on one division in your business. Understandably everyone becomes much more focused on internal issues so this can mean it's easy to take your eye off the ball and lose track of what's happening in the bigger picture – with customers, competitors and the market itself.
- Growing a business also tends to focus on cost control rather than marketing. It's not uncommon for business owners to try and fund growth by cost-cutting measures such as reducing staff, changing suppliers or putting off major purchases. Again this is understandable but can be detrimental and send the wrong messages to staff. I know

of one business owner who stopped buying chocolate biscuits for the staff morning teas. As a cost-cutting measure it was a tiny drop in the ocean but it sent a big message to staff... they weren't important and times must be really tough for the business.

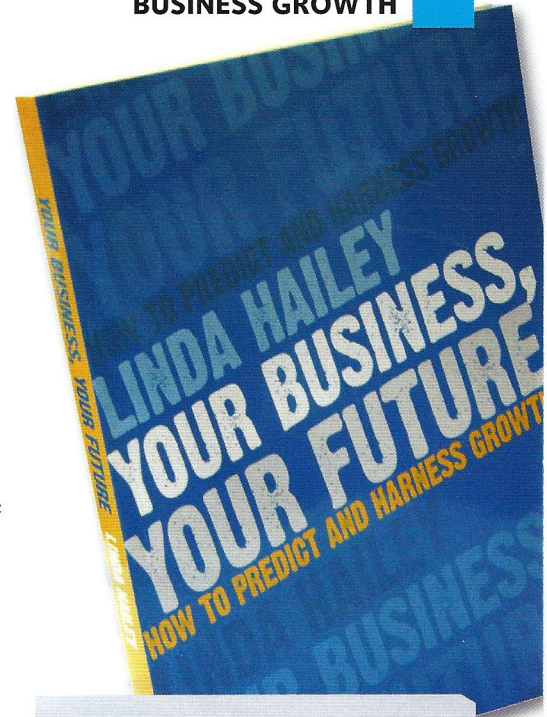
Sometimes it makes more sense to look to marketing to raise funds to support growth.

- Keep in mind that growing businesses can also become too obsessed with the new product and lose touch with the customer's needs and wants. There's no point in building a better mousetrap if everyone is looking for a rat trap.
- Sometimes during the growth phase it's hard to imagine the future and it's far easier to just take it a day at a time. This focus on the immediate and not on the future can be risky for a business. Try imagining what your business will look like, feel like and act like when it has achieved your growth goals. Make sure you are thinking about the long term and actively work on changing everything that will need to be modified to achieve your goal. Keep in mind that some of the decisions and changes you need to make will be painful but ignoring them by not thinking about the future will just

slow down the growth process.

- Growing a business can bring about a siege mentality, everything is changing and you feel a need to pull up the drawbridge and defend your business. It's natural to want to minimise threats but don't forget to capitalise on opportunities. You may feel vulnerable while your business is changing but keep an eye out for opportunities rather than just worrying about threats. One client discovered there were significant opportunities to reposition her business against her competitors whilst one client saw an opportunity to recruit staff from overseas who would give her a competitive edge in the new marketplace.

If growth is on your business wish list for the new financial year now is the time to really take stock and start planning ahead. Be positive you are really ready to grow, take the time to develop some new strategies to break through those barriers standing between your business and growth, and keep in mind that the business will act differently as you go through the various steps of growth. Most importantly keep your eye on the goal and have a great year! ■



Linda Hailey is a business consultant, keynote speaker and author of *Your Business, Your Future: How to Predict and Harness Growth*.