

GROWTH



IS GOOD

When you've achieved all you can in your core business, it's time to search for the next big adventure advises business guru and author, **Linda Hailey**.

When you invest your hard-earned cash it's automatically assumed you will receive a good return on that investment. In fact, you wouldn't invest unless there was a payout. So why do business owners constantly invest time, money and energy in their businesses with no expectation of a return? It doesn't make good business sense.

Of course in the start-up phase it's reasonable to expect that you will need to help your business along, but by year three or four it should be paying you a decent salary at least. By the time your business is seven to 10 years old you should also be seeing tangible benefits like dividends, along with lifestyle rewards and opportunities for personal fulfilment.

Take a few minutes to add up all the money you have invested in your business. Include all the unpaid hours you have contributed. And don't forget to put a value on the intellectual property and brand values you personally created. The result can come as a real shock and begs the question: "Isn't it time your business started looking after you for a change?"

Often this realisation is a real wake-up call for owners of well-established, successful businesses. It's a signal that it is time to get serious, time to recoup some rewards for all that hard work. And expansion is a logical next step.

Typically this epiphany happens at around the 10-year mark when the business owner has survived the uncertainty of start up, enjoyed significant growth spurts in target markets and even revitalised and consolidated the business so staff are coping with the day-to-day operations. Suddenly the business owner has plenty of thinking time; the entrepreneurial spirit kicks in and they decide it's time to aim for expansion. And these business owners tend to aim high. New divisions, mergers, acquisitions, new franchise concepts, major export markets and development of totally new product ranges are just some of their chosen vehicles for growth and development.

So how can expansion give you a return on your personal investment? For some business owners it's a

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chance to pull back and work on the business rather than in it. Expansion allows you to hire additional staff such as a general manager so you can concentrate on developing new concepts or work in specific areas of the business. Others use expansion to add more excitement and personal challenge to their working world. Setting up a new division, negotiating a merger or researching new markets can put some 'zing' back into the business. Some use expansion to increase revenue and profit to fund their semi-retirement lifestyle. One client I worked with used an expansion project to fund a non-profit concept that he was passionate about. Most importantly, expansion helps put the fun back into running a business.

Inspiration for expansion can come from a wide range of sources. I work with a client who expanded her 12-year-old business by focusing purely on one target market. The market was a category of professional employees who were typically mid-level managers within major organisations. She already sold a service to this group but had a gut feeling that they were under-served in the general market. She researched them in detail to find out what made them tick. She conducted interviews, talked to industry groups and even surveyed their compatriots overseas! She soon discovered that this group were not regarded as major decision makers and were ignored by a lot of suppliers who were unwilling to tailor their product specifically to their needs. Bingo, she had found her expansion opportunity! Within six months she had established another division selling a related service

to this group. Four years later she has added two new divisions and almost doubled her turnover.

If you are in a mature market where there is not much room for expansion you may want to buy out a competitor or merge your operation with another business. Combined purchasing power, access to new databases, an experienced sales team and interstate premises can all take you from middle of the pack to market leader.

If you've been exporting to New Zealand or smaller markets it may be time to tap into the major markets. Entrepreneurial clients in the skin and body care industry have gone from dabbling in a couple of European markets to successfully tackling the USA and Canada. This was only possible because they had put together a team who were able to run the business back home while the owners were overseas tackling their international expansion markets.

Your expansion could come from something as basic as a new product. For instance a software program that has been successful in a niche market may have opportunities in a totally different market. Once you've researched the opportunities and rebuilt your product you can go on to duplicate your success in market after market. It's also worth pointing out that business owners in the expansion phase love the challenge of a new product into a new market rather than the safer, more predictable option of an existing product into a new market.

Of course expansion needn't mean more staff or bigger premises. A consultant who licenses others to deliver their services can dramatically expand their business with a minimum of fuss. They may even add excitement to their business by changing roles and becoming the recruiter and trainer of the licensed consultants.

Once you've chosen the expansion route you are one step closer to achieving your goals and reaping a return on your investment, but it's important to minimise the risks. Over the years I have noticed that business owners that successfully navigate the expansion phase have several characteristics in common.

They share their vision with their staff as soon as possible and make every effort to share the journey with team members. They also enthusiastically promote the opportunities so that staff are motivated and all working for the same goal. They avoid knee-jerk reactions and spend months, sometimes years researching and investigating potential. I worked with one business owner who covered his office in mind maps detailing all the different scenarios and risks of expansion. He also went to the trouble of devising coping strategies for every possible outcome.

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EXPANSION INDICATORS:

- You are already successful but are keen to see if you can 'ramp' up to the next level.
- You love being in small business but tend to look to big business and global trends for inspiration.
- You are bored with doing the same thing year in, year out.
- You have itchy feet and are desperate for a new challenge.
- You have a strong vision for the business.
- You have already identified new opportunities.
- You look at your business objectively.

CHECK TO MAKE SURE:

- Staff are motivated and taking responsibility for the day-to-day operations of the business.
- The business meets the criteria of a successful operation e.g., profitable, demonstrating steady growth.
- The business is consistent.
- There is a strong awareness of the market and a history of adapting to meet market needs.
- There are well-defined systems and procedures in place that will protect your core business.
- Your technology systems have been future proofed and will cope with growth.
- The business has a clear market positioning.
- The business has a well-defined process for evaluating opportunities and making decisions.

Another common characteristic is a well-maintained focus on the core business. Clever business owners know that their existing business will need to fund some of the expansion and can often be maintained as a separate entity. They take the time to thoroughly review the core business and analyse image and brand to see where it will fit with the new venture. They also develop strategies for maintaining and growing this revenue source. Most importantly, they seek expert, specialised advice. They are willing to spend money on finding the best information possible. If they are exporting they will find a consultant with extensive experience in their market. If they are acquiring another business they will find an expert in that area. They certainly don't skimp on this critical aspect of expansion.

So, if you are keen to see a return on your business investment or think it's about time your business started to look after you for a change, think seriously about how expansion could weave its magic spell in your business. ✨

Linda Hailey is a business consultant, keynote speaker and author of *Your Business, Your Future*. For a chance to win one of 10 copies of Linda's book see page 7.