

Small Business Growth Strategies

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When considering to grow your business, one of the first questions you should ask yourself is why? What are the reasons behind your decision to grow your business... maybe it's for survival.

A number of growth strategies are available for any business wanting to take the opportunity to grow.

Diversification of your products/services can give you the opportunity to sell more to both existing and new customers or enter entirely new markets, either locally or for export. If your brand is well known or if your business is unique you might decide to grow your business through franchising. Alternatively, if another company has complementary products or services you might consider a partnership or joint venture (for example outsourcing), whereby you both share the cost, profit and risk.

Small businesses may obtain small year on year incremental growth, as they gain a deeper understanding of their customers and their market niche, and begin to make improvements within their operations. Although, a tipping point is usually reached where further growth expansion requires a much more radical, larger step forward than the business or maybe the business owner have ever considered previously.

Unless for survival, a pre-requisite for growth is to ensure the existing business is stable and financially robust. Otherwise you run the risk of overstretching the business too quickly too soon and increasing the associated financial risks and potential for failure. You can minimise these risks by carefully planning for growth and looking across each area of

the business to establish what needs to be in place.

A useful guide for growth is to remember the 4Ps: Planning, Performance, People and Processes

Planning

- As the business owner/manager do you require additional business skills? If you do, get them, otherwise hire professional expertise. Have you thought of using a business mentor to help you plan and implement growth?
- Decide what you want to achieve? Is it to increase sales turnover, market share, staff numbers or the profitability of the business? Whatever the objective, identify which is the most important to focus on.
- Obtain the relevant and necessary information, such as market research, which will form the basis for you to commit your business resources, time and money to. Is it accurate and up to date? Will it stand up to interrogation?
- Time availability is always an issue, but sometimes you need to make time to plan events that will save time in the long run. The more effort spent in planning, the greater likelihood of success. Create a simple plan in order to keep focused and understand what needs to be completed and by when.

Performance

- If you are not already measuring business results, decide what milestones you

will measure your business by to indicate success. Don't just concentrate on financial measures, make sure you manage and measure how good your operations are – these are the drivers of financial results.

- Do you need additional money and is this in place? Manage your cashflow and working capital and make sure you do not over-trade.
- Understand your pricing strategy. If margins are low will the business be able to withstand price-based competition? Review pricing regularly to ensure it is up to date, and correctly accounts for the full cost of products or services, in order to maintain the levels of profitability required.

People

- Are additional staff required for this phase of growth? Will existing or new staff require additional training or new skills? Make sure you understand the associated costs.
- Are the systems you currently have in place to manage staff sufficient or do you need to upgrade/replace these?
- Customer service is essential for success. Your customer base is a reflection of your organisation. Good customer service requires excellent staff management, co-operation and communications.

Processes (operations)

- Understand your operations in detail – can staff follow them consistently? Do you need to demonstrate

quality assurance to your customers with standards such as ISO 9000? Think about operations from your customer viewpoint and design them in such a way to maximise sales.

- Are your premises sufficient or will you need larger premises? Are additional infrastructure costs, such as a new delivery van or production line required?
- Have you considered outsourcing? Outsourcing can decrease costs and provide scalability, but needs to be well managed.
- Check if existing internal business systems will cope, such as IT, customer management systems and financial systems.
- Technology has radically changed the way we do business, whereby new start up businesses can now go global from day one. How can technology help grow your business?

In reality many small businesses are hampered by lack of time and their daily operations. The use of business mentors is increasing, and they are an invaluable resource for providing a sounding board, giving an alternative view to consider and making sure business owners/managers can answer the 'why'. Staying on top of your game and understanding the issues raised will probably place you above potential competitors. Remember, seek advice as early as possible using a variety of sources – it's usually free. 