

A Guide to Growing Your Business



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Stages of Business Growth



Start Up: Launch & Learn

This is a tricky stage even when things start slow, but it is important to remember that some businesses need to grow straight away. Most start ups are trying to get established in the market, work out supply chain wrinkles and stay within their budget.

Some strategies that can help include:

- Keeping a close eye on your cash flow
- Focussing on your immediate goals
- Adapting to feedback from your customers
- Check out our guide on [How to Start Your Business](#) to learn more about the start-up stage



Sure & Steady: Early Growth Phase

Established businesses ideally start to see consistent customer and revenue growth.

The challenge that you will face is the need to meet the demands of increasing sales and customer numbers. Dividing your time between day-to-day and big-picture growth can be tough to navigate.

Some strategies that can help include:

- Formulating a business growth plan
- Nailing down your processes and making them more efficient
- Setting up effective management and reporting systems
- Hire people who can free you up to lead the business strategy

Bigger & Better: The Expansion Stage

Once your business is humming along – with solid cash flow and good processes, you can pursue more opportunities. The trick is in choosing the right ones.

The challenges that you will face include acquiring more customers, expanding into new markets and developing new revenue streams. In addition, you will probably have people to manage.

Some strategies that can help include:

- Careful planning so you identify a strategy that gives a good return on investment.
- Being realistic about what you can achieve with the resources you have.
- Focussing on areas that complement your existing strengths rather than areas with increased risk.

Writing a Business Development Plan



Now that you're in the growth stage of your business, it's time to get to work. Set things in motion with a business development plan

What is a Business Development Plan?

A business development plan sets goals for growth and explains how you will achieve them. It can have a short-term or long-term focus. Review and revise your plan as often as you can to keep building on it as your business evolves.

How to Write a Business Plan

Your business development plan is your roadmap to growth, so make it clear, specific and realistic. Within this plan, you should include:

- **Opportunities for growth** – where will growth come from? E.g., new products and services, entering new markets or a combination of these.
- **Funding plan** – determine how you'll fund your business growth. How much capital do you already have? How much more do you need?
- **Operational needs** – identify what things about your business will need to change to achieve growth. Will you need extra people, more equipment or new supplies?
- **Sales & marketing activities** – what sales and marketing efforts will effectively promote growth and how these efforts will change as the business grows.
- **Team needs** – you may need people to take on some of the tasks you've been doing. Think about what parts of running the business you enjoy the most, are good at and those parts you wish to delegate to others. Give some thought to the culture you want to develop in your business as it grows

Avoid These Common Mistakes

- Thinking short-term instead of long-term
- Underestimating how much money it will take to grow
- Not budgeting enough money to cover the costs of growth
- Focusing on too many growth opportunities: think quality, not quantity

Micro-planning can keep you focussed!

You may want to create some micro-plans for specific growth projects so their details don't get overlooked. You can build in some KPIs to measure your progress and successes. As your business grows, take note of your progress and make periodic adjustments to your business development plan to make sure it's still relevant.

Support is out there

Remember you're not the first to go through this. Seek out mentors, advisors or other business owners who can help you with your planning. A Lawpath Business accountant can help or point you in the direction of the right people.

Examples of Business KPIs



Understanding your business performance will help you take the right steps towards growth. Business KPIs show where you are, and where you can go. Check out common examples of KPIs used by small businesses just like yours.

Why Use Business KPIs?

Key performance indicators (KPIs) allow you to measure important aspects of your business. They show how it's performing and can be used to track progress towards goals. KPIs can be related to:

- **Efficiency** – to ensure you're not wasting efforts
- **Customer satisfaction** – to ensure they keep coming back
- **Sustainability** – to manage impact on people and the planet
- **Finances** – to grow the business

Common Financial KPIs

Understanding your business performance will help you take the right steps towards growth. Business KPIs show where you are, and where you can go.

- **Revenue growth** – business want to get more money in the door, either from more sales or making higher-priced sales. Ideally this revenue growth will filter through to increased profits.
- **Profit growth** – why wouldn't you want more in your pocket, after costs and taxes are deducted? Bigger profits mean bigger rewards for your efforts. This is money you can use to finance further growth, or money you can keep as an owner.
- **Profit margins** – this is the portion of sales income that stays in the business after costs have been paid. This number indicates how effective your business is at generating profit from revenue and can help ensure your pricing is right.
- **Cash flow** – improved cash flow lets you pay bills on time, reduces your stress levels over meeting payroll (or being able to pay yourself), and allows you to set aside money for growth.
- **Accounts receivable** – this shows how many invoices are paid in each period and indicates how good you are at getting paid. Faster accounts receivable turnover improves other indicators like cash flow

Common Retail KPIs

- **Average transaction value** – shows how much customers spend when they make a purchase
- **Inventory turnover** - tells you how much stock is reordered in each period. A low turnover means you might be over-ordering. A high turnover means you run the risk of running out of stock.
- **Foot traffic** – this is the number of people who walk into your shop and can measure the attractiveness of your location, shopfront, and the success of your advertising.

Common Manufacturing KPIs

- **On-time delivery** – shows the percentage of orders delivered on time. The aim is to have 100% delivered on time to maintain customer satisfaction and trust.
- **Production volume** – indicates how much you're able to produce over a certain period. It shows how much demand you can meet.
- **Production costs** – measures all the contributing costs of delivering your goods or services. It can reveal where money might be saved, for example, finding an alternative supplier.

Consultancy/Professional Services KPIs

- **Project overrun** – This shows how your actual costs (or hours) compared to what you budgeted. Overruns are red flags for estimating or project management problems.
- **Utilisation** – tells you what percentage of your total available hours you're spending on billable projects. Too low a percentage could indicate your admin needs streamlining.
- **Revenue per billable consultant** – this is a measurement of productivity. Decreases in revenue per consultant can point to resourcing problems.

Construction Industry KPIs

- **Number of defects** - this shows how many faults need fixing. Defects cut into your profitability and can diminish customer satisfaction.
- **Planned hours versus actual hours** – higher actual hours will mean labour costs are eating into your profit margin.
- **Cost variance** – tells you your actual costs compared to what you budgeted. Keeping track will help you better budget for your next project.

Choosing the Right KPIs

Whether you use some of these business KPI examples or choose others, make sure your KPIs are understandable, relevant, shared and balanced. Start by measuring your current level of performance as a benchmark. Set a goal to improve. Measure and report on your progress as you go. If progress is slow, dig around to find out why.

How to Increase Sales Revenue



Increasing sales revenue is one obvious way to help grow your business. But how do you sell more? Will you need to find more customers? And what if you must raise prices?

6 Ways to Increase Sales Revenue

1

Learn from your customers

Check in to see how your customers are getting on. Do they have new problems that you can solve? There may be fresh opportunities right in front of you. Ask what they like about your product or service and what could be better. Do more of the good things and fix the shortcomings to broaden your appeal.

2

Introduce a loyalty or rewards programme

It may require extra admin to offer loyalty rewards, but it can help increase repeat purchases from existing customers, while spreading the word about your brand.

3

Bundling and sales promotions

Bundling related products or services is a popular way to increase sales revenue. The idea is to encourage a bigger sale by giving customers a deal. For example, you might offer a half-priced bucket to anyone who buys a mop. Your profit from bucket sales will go down, but the overall transaction value will go up.

4

Host events

Invite your customers or clients to events like launch parties, new season previews, demonstrations, or information evenings. There are lots of options. You just need to know what will appeal to your target customers. Events like these often come with built-in sales opportunities.

5

Get involved in your community

Ever wondered how to increase sales to the potential customers that walk past your door every day? Try going out into your community. Sponsoring or taking part in a local event can raise your profile. Make sure it's something that aligns well with your product or service and your target market.

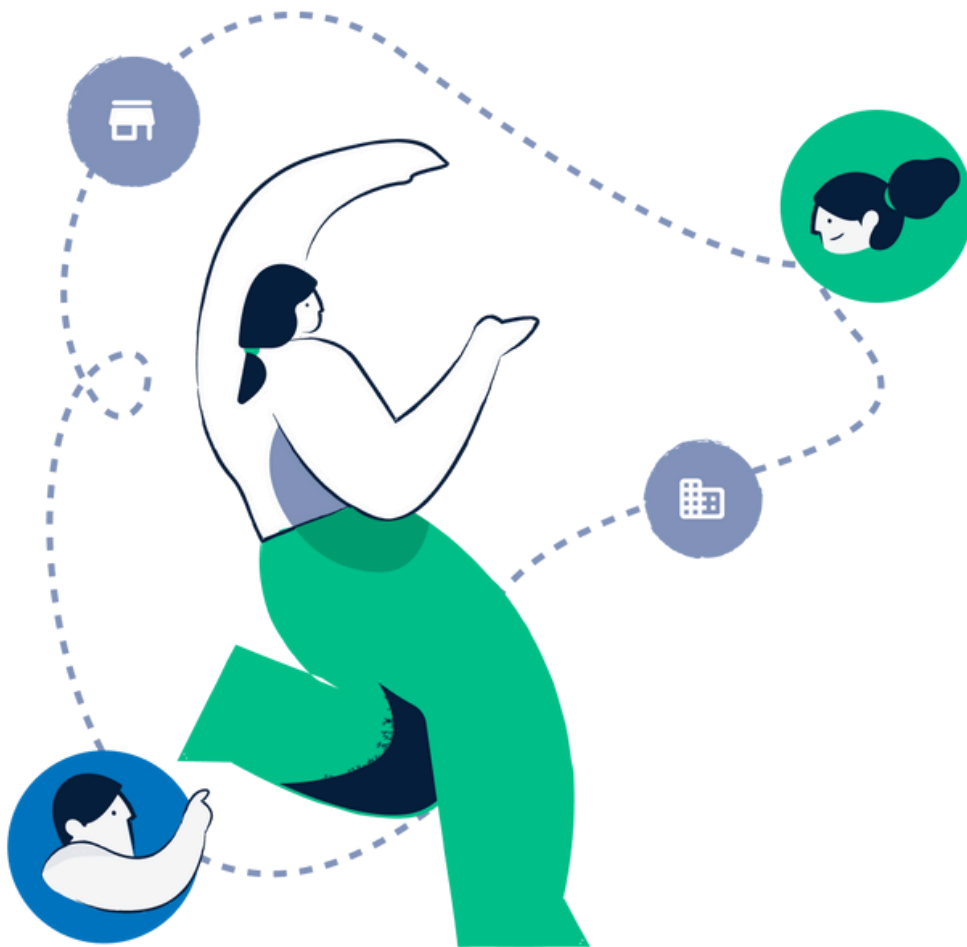
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Increase your prices

Raising prices can increase sales revenue so long as people keep buying. Of course, a price hike can also bother your customers so do it right. Provide enough notice and give your customers a chance to buy (or renew contracts) before the price increases. Let your customers know of any additional value you'll be offering in return for the extra cost. For example, you might offer extra services or support, more availability, or a shorter turnaround time. Demonstrating improved value will help your customers accept a price increase.

Boosting sales will generally bring more in the door but you always need to balance that against costs. If costs go up just as fast, then your profitability will suffer, and you may end up working harder without being much better off. The Chartered Accountants at Lawpath can run the numbers and help you figure out how to increase sales without giving up profit.

Expand Your Business into New Markets



You can grow your business by selling more things to more people, or fewer things to fewer people. Let's look at how.

Expanding Business

But first, are you ready?

Think about the overall impact of expanding your business. Can you do it comfortably? Will it cause you financial strife? Will it fit with the culture you've created? Answer these questions honestly before diving in.

Offering more products or services

You could expand your business by selling a wider range of goods or services. Of course, that only works if people buy those extra things, so think through your decision.

- Listen to your customers – ask what they want
- Build on market trends – read trade magazines and trend reports to learn what others are doing. Look at comparable industries for inspiration and determine how they better serve customers.

Reaching more people

You could expand your business by broadening your target market to give you a larger group of potential customers.

- Going into new places – expanding your geographic focus can introduce you to lots of new customers. You can keep selling the same types of things to the same kinds of people – you just have a bigger audience. But of course, this will increase your marketing costs and may require you to open new shops.
- Target new customer segments - do some research to see who else would use the products and services you sell. You may be able to sell to a whole new set of customers without opening a new store or offering additional products.

Choose Your Mode of Entry

You can grow your business by selling more things to more people, or fewer things to fewer people. Let's look at how.

There are a few ways to expand your business into a new market

1. **Build** – you can do everything yourself. Whether it's testing new products and services, developing new market segments, opening new locations, or setting up an online store.
2. **Buy** – you can expand faster by acquiring other businesses that already do the things you want to do. You will see quicker results but of course the initial costs are generally high.
3. **Partner** – you might work with a distributor or another business to try new things and share some of the risks. This arrangement can be complex and requires legal agreements

Developing a Niche Market

Rather than going broader, you may want to go narrower and develop a niche market. This approach can make your business the go-to for a specific category of products or services. You're likely to face less competition, and you'll become efficient at what you do.

It's worth forecasting the size of your target niche market before committing too heavily. It needs to be able to support your long-term growth goals. You may need to gear up to trade online as that allows you to service a niche customers across a wider area

Building and Educating Your Team

Growing your business may mean growing your team. You may need to develop a new layer of management and consider ongoing professional development for them. Having your team fully onboard with your plans will make growing your business go much more smoothly.



Have any questions?

Call and speak to Lawpath consultants on

1800 529 728

Find out more

