

Business growth tips

Most people who start up a business generally expect that the business will change in size. Some people start up and hope for the best, but the ones that have given it a bit more thought will put together a plan that will see growth in the business over a planned period of time – not too quick and not too slow.

A plan will help the business avoid the pitfalls which could stunt the growth of the operation. Some of the problems that a successful business takes on are often less daunting than some of the problems that come from a business that is failing.

There is a lot of talk these days about limits to growth encountered in society and there is often debate about whether these limits really exist at all. There is little doubt that limits do exist to the growth of a business, but fortunately methods are available for overcoming most of these limitations. Growth is not always good unless that growth is controlled.

How to grow your business

After you have purchased or started your business you will find that things are running smoothly and according to plan. Along the way the question of how to grow the business to its potential will arise. There are really only three ways of growing a business.

1. Find new customers and increase the number of people buying from you.
2. Maximise the sale per customer that is transacted.
3. Increase the number of times that the customer buys.

Finding customers is one of the essential factors in growing a business and unfortunately it can also be the most expensive. There is never any guarantee that the money spent on advertising, or in sending a

mail-out, will produce good results. If you find that it is difficult to find new customers, then focus must be put on the other two areas to increase and grow the business.

One of these is ensuring that when the customer buys, they buy the maximum in that one transaction. For example, instead of just buying one type of product, the salesperson should see if the customer is also open to purchasing some other products that are aligned to the first one that was looked at. Your aim is to try and move the amount per dollar sales worth of the sale up without losing or annoying the customer.

The other method is to try and attract the customer in such a way that they will come back more frequently to purchase from you. These last two methods work very well for businesses because there is little cost or risk associated and it really comes down to clever marketing and presentation to the customer. They can work very well with customers who have been with the business for some time and a certain amount of trust has been built up.

Whatever methods are used, it is important to never lose sight of the fact that the best types of customers are those who are satisfied. A satisfied customer will recommend and refer the business to others. Of all the valuable custom that a business is able to create, those customers that are obtained by referral generally end up the best.

The bottom line – it's cheaper to keep a customer than to source new customers. Look after the ones you have before sourcing new customers.

So growing your business doesn't really have to be expensive or time consuming. What you need are strategies put into place to maximize every part of the transaction and to maximize the trust and confidence built up between the customer and your business.

7 rules for growing

1. Set out a proper plan for bringing about growth in your business. Establish targets and performance criteria and bring your staff into the strategy. Every person in the business must then be accountable for achieving the objectives.
2. Involve your management and staff. Have frequent meetings with management and staff to review results and to monitor current performance. At these meetings suggestions should be invited and further targets should be set for the future.
3. Control your costs. Controlling costs is critical for growth because big does not necessarily mean that you are making a profit. Many businesses have failed because they have grown too fast and the growth outstripped the resources of the business.
4. Keep changing you targets. Review monthly how your business is going compared to budgets that have been set. Bring in changes depending on circumstances and market direction and create new models. The business should not be so much interested in what has gone on in the past but what is intended for the future.
5. Develop good systems. You should have good reporting systems built into the business so that information can be extracted very quickly and easily, and measurement can be made against projections. A good reporting system will keep you informed and enable you to make prompt decisions where necessary.
6. Encourage and motivate your staff. They say that a business is only as good as its staff. If you are able to encourage and motivate your staff to achieve based on incentives if they meet targets, this will be a great contributor to growth.
7. Play to win. Always play to win. It is no point playing the game if you are going to achieve losses. Most people go into business to make profits. So, don't be concerned with losing, just enjoy the game and be the winner.

Stages of business growth

1. The start-up stage – Here the idea of the business is formulated and plans are put into place to start the operation.
2. Commencement – The business plan is set up and the targets are finalized. The dream is implemented and the business starts.
3. Operation – The business is operating and coping with the various problems that arise. The systems are in place and profits are being generated.
4. The business matures and starts to expand – The next phase of the operation comes into play where expansion is called for. Management is revised to deal with the size and the complexity of the structure of the business.
5. Review – The business has become very competitive, with a strong focus on customers and marketing, and many aspects are reviewed with renewed objectives.
6. Diversity – The business diversifies into new markets and new products and develops strategic alliances with others to achieve this.

The 3 crucial phases

The 3 crucial phases, therefore, are:

1. Find out where you are at this time. This is achieved by completing a review of the business performance as compared to its projections and undertaking a full analysis of every area.
2. Put in plans for the future. Here a business plan is designed and drafted, incorporating all that the business wants to achieve for the future.
3. Put your plans to work. Your plans are ready, all resources are in place and it is now required that the business commence operations. The owners then have to ensure that the business keeps going well and keeps monitoring the situation to ensure the path it follows is close to that set out right at the beginning.

Contact the BEC on 4936 2557 or email admin@hunterregionbec.com.au