



How to grow your business

10 STEPS TO HELP YOU TAKE YOUR BUSINESS
TO THE NEXT LEVEL



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If you're ready to grow your business, this guide will help. It offers ten strategies you can use to take your business to the next level.



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Step 1: Offer new products/services

One way to grow your business is to offer a new product or service that your existing customers will buy or that will bring in new clients.

Identify potential products or services that enhance what you have and that your customers have indicated they'd be interested in buying from you. Any new product needs to complement what you already sell, not be a substitute, otherwise there will be no growth in sales.

Many businesses need new products and services to keep ahead of the competition and to keep up with the evolving market. In addition, technology is moving so fast that often there are opportunities to add to your sales growth by identifying how you can change what you sell through the internet. For example, most major grocery chains now offer online ordering and delivery, which means some customers may never actually set foot in a store.

Before committing to a new product or service

Check financial feasibility

Make sure there's a market for the product and that you can actually create it. Diversifying into new products is a medium- to high- risk growth strategy because new products and services cost time and money to source or develop.

Develop a prototype

Invest time and money in research and development to create a prototype product (or a template service) to present to your customers.

Test with customers

Test your product with your target market and record and analyse the results. You'll be able to determine if the demand exists and if there are changes you could make to the product before taking it to market.

Protect intellectual property

Be sure to protect your intellectual property (IP) for any new product you develop. IP is a valuable asset and worth protecting by registering it with the Intellectual Property Office. Work with a qualified lawyer to protect your IP properly – and to make sure you're not breaching anyone else's.

Step 2: Nurture customer relationships

Growing your business requires you to maintain your current customer relationships while also appealing to new customers. It doesn't help you to focus solely on one group at the expense of the other. Find a way to sell more to your existing clients while bringing in new customers.

Sell more to your existing customers

Your existing customers already know and trust your business. You don't have to convince them again of the reasons to buy from you – you've already established your reputation. They're also predisposed to buy from you as they would likely rather buy from someone they know than go through the process of shopping around for someone new.

It doesn't take a lot to sell to existing customers. You could:

- Implement new ways for customers to buy from you, such as online ordering
- Introduce your existing customers to products or services they haven't yet purchased (known as cross-sell)
- Promote a more expensive version of the product or service they have purchased (known as up-sell)
- Offer them a complementary product or service
- Determine when customers need to re-order from you and send reminders
- Encourage them to book multiple appointments ahead of time
- Offer a slight discount for paying in full up-front for a set amount of services.

Ways to engage existing customers

Connect using your database

Good customer relationship management software (CRM) enables you to keep track of customer interactions and manage customer communications. Use your database to add value to your customer relationships, by sending a monthly or quarterly high-value newsletter filled with the latest news, tips and industry events. Advise customers of special offers or share product and service profiles.

Spot opportunities using accounting software

Your accounting software can identify your best customers. Generated reports show you which customers spend the most money, which customers haven't bought for six months, and which ones are the most profitable. Tailor your sales campaigns to engage those customers with specific, customised offers.

Ask your customers what they want

Find out what customers are interested in buying from your business.

Ask questions like:

- What will make you buy more often?
- What will make you spend more?
- What can we do to keep your business?
- What else would you like us to offer?

Anticipate customer needs

Imagine knowing exactly when a customer is going to run out of your product – and being right there to sell it to them again. Use your accounting software to analyse customer purchase transactions – for example, you may discover that one customer places an order every six weeks, while another customer buys every three weeks. Use this information to send reminders or offer special deals.

Run a loyalty programme

Customers today expect more attention and increased benefits – you can give them both with a customer loyalty programme. There are many different types of programmes: some reward with points or travel miles, some reward with discounts on future purchases, and others offer free products or services based on spending thresholds. You can even offer unique experiences as part of your loyalty programme, such as a VIP event or weekend getaway package.

You'll find numerous loyalty programme providers online. You can create your own custom loyalty programme or select a turnkey solution to implement immediately.

Nurture your social media channels

If you're not already on social media, it's time to start. Social media is an inexpensive method of engaging your customers. Ask your customers which channels they prefer (Facebook, LinkedIn, Twitter, Instagram) and share interesting, engaging content on those channels.

Get really good at cross-sell and upsell

Learn the fine art of cross-sell, which involves suggesting to customers an item or service to complement their current purchase. For example, if you're selling website design, offer to write the copy for the website for an additional charge. An upsell is when you suggest a more expensive version of the product or service they're buying, such as selling a website with more pages. Whatever you offer clients, make sure it fits their needs.

Grow by finding new customers

Once you've exhausted your existing customer base, look for new customers with a similar profile to your existing ones.

The first step is to build a profile of your ideal customer. If you already have regular customers, it should be easy to build a customer profile. If not, base your customer profile on your business plan research while taking into account your competitors' customers.

Once you have your ideal customer profile, make a plan to find more customers just like them. You have many options including:

- Generating referrals from existing customers
- Optimising your website for search engines
- Engaging on social media channels
- Writing a blog
- Using lead generators such as white papers and case studies
- Traditional advertising using newspaper, radio, direct mail, TV and flyers
- Attending or exhibiting at trade shows or conferences
- Building your own profile by speaking at events, attending conferences, or writing thought leadership articles.

Step 3: Update your business model

Your business model is how you receive income. You may find growth opportunities by changing the way you do business, especially if current demand shifts. For example, if you own an education company, one business model is running workshops and charging a fee for each workshop. A different business model is to place the training online and ask participants to subscribe to access content.

Examples of business models:

- Moving your business online
- Licensing your design or product to other manufacturers rather than manufacturing yourself
- Selling your intellectual property for royalties
- Allowing buyers to pay monthly through a subscription service
- Opening an offshore branch to get a foothold in an export market
- Acquiring competitors to expand your customer database
- Developing a strategic alliance to gain shared market advantages.

Other ways of amending your business model include:

- Selling unused capacity
- Contract manufacturing for other businesses to fill your capacity, increase profitability, and offer leverage to get better buying prices
- Producing your goods under different brands (for instance, a premium brand and a 'house brand') and letting other distributors sell them to the market
- Hiring out your facilities to others
- Offering prepaid services.

If you provide services, you could introduce fixed-rate service agreements rather than charging fees by the hour. The fixed-rate business model aims for predictable cash flow in advance.

Investigate franchising

One of the best and most effective ways to grow your business and see a major increase in profits is to turn your business into a franchise.

The main factor to identify is whether your business can be replicated. It's also important that there's a demand for what you're selling – is it popular enough that it can be sold in different locations, by other business owners?

Businesses that successfully become franchises are those that have robust and efficient systems in place. If your business runs like a well-oiled machine with great systems and streamlined processes, including well-trained staff, then there's a good chance it could become a franchise.

Offer new distribution channels

A distribution channel is simply the way that you get things to your customers. Is there another channel or way of selling to your market that would open up growth opportunities?

There are many ways that any business can reach their potential customers. For example, if you manufacture tables, you could sell:

- Direct to the public by opening a showroom
- From a company website direct to the public
- Wholesale to retailers
- At home shows and trade fairs
- Through a sales agent or distributor who sells your tables to retailers for you
- From online trade portals
- Through a strategic alliance with a similar business that operates in a different market.

Make sure any new business model is substantial in that it creates more revenue than your older way of doing business, and sustainable in that the revenue it creates is long-term.

Research the competition for business model ideas

Spend time on researching the competition (the internet and trade directories are a good place to start).

While keeping up-to-date on your direct competition is always good business practice, try digging deeper into their affairs to see what they're up to next.

Subscribe to their newsletter, read their promotional literature and even become a customer. Go online to read their annual reports, monitor key moves in human resources and pay attention to strategic alliances. That information could give you clues as to what you should consider for your business.

Step 4: Increase your profit margin

Your profit margin is the total revenue that remains after all costs, fees, taxes and other expenses have been deducted. If you can lower your expenses, you can increase your profit margin.

Many businesses focus on increasing sales to improve their profit, which, as long as it doesn't have any major cost increases, should work.

Some ideas to help you increase sales include:

- Adding new markets and distribution channels to your sales strategy by determining where else you can sell and how you can get in front of potential customers
- Increasing your prices where it makes sense
- Reviewing your digital strategy and making the best use of the internet through online sales or digital marketplaces
- Forming strategic alliances with complementary businesses or joint ventures to tackle work you don't have the resources to handle on your own
- Maximising the value of your sales by providing a premium product or service
- Adding features to your products or services if the perceived value to customers is greater than the cost to you
- Keeping your products or services up-to-date by extending your product range or working to ensure it stays ahead of your competition
- Focusing your sales efforts on your most profitable customers – those who place large or frequent orders, pay their bills on time, and are low maintenance.

Categorise your customers

Divide your customers into four categories and allocate different effort and resources based on their value. For example customers that have:

- High percentage of sales and high profit margins – nurture these clients and put most of your sales effort into them
- High percentage of sales but low profit margins – consider a price increase and examine how you can cut costs to increase your profit margins
- Low percentage of sales but high profit margins – consider a sales push to try and get them to buy more regularly
- Low percentage of sales and low profit margins – eliminate these where possible.

Decrease your costs

If possible, reduce your costs to increase your profitability.

Identify the steps you can take such as:

- Negotiating lower prices with your suppliers
- Reviewing processes and systems to maximize efficiency
- Reducing waste
- Implementing security to reduce the chance of theft
- Putting systems in place to ensure invoices are sent, tracked and paid promptly
- Reviewing fixed business costs to see if there are cheaper providers available
- Checking any on-going subscription services in case they're no longer being used or you're paying for more than you need.

Improve efficiencies

There are numerous ways to improve efficiency and reduce costs. Often, technology can play a big part. Review your systems and look for opportunities to improve efficiencies:

Tighten up operations

- Track outstanding debts and tighten up your credit processes
- Use technology to streamline processes and become more efficient
- Manage your workload, so that they're effectively prioritised and delegated
- Identify employees that you might need to make redundant or change their role to contribute to output
- Identify third party contractors or other companies that could take up duties to increase your capacity at any time.

Improve skills

- Review staff skills and experience, identify areas for improvement
- Check that you have the right mix of employees for your needs
- Identify appropriate training courses and enrol staff
- Run in-house training sessions
- Hire new staff with specialised knowledge if necessary.

Improve performance

- Eliminate unnecessary and time-consuming jobs
- Encourage staff to evaluate their work quality and make improvements
- Check that progress matches your business goals.

Review equipment

- Lease key equipment or machinery needed to increase capacity.
- Investigate technology that removes redundant processes or replaces manual tasks
- Talk to businesses in your industry to find out how they run their systems
- Invest in new equipment that will increase your competitive advantage by getting products to market quicker than your competition.

Step 5: Grow staff expertise and management leadership abilities

Staff expertise and team leadership are vital to successful growth.

When you lead your business into a period of growth, it's important to:

- Know what your leadership qualities are and which skills you may lack
- Identify areas for improvement, set a budget and create a leadership development programme both for you and your key staff
- Find a mentor with experience in larger businesses who you can share your business challenges with
- Read books about great business leaders and learn from them
- Learn to speak in public as it will develop your communication skills and help you be viewed as a leader
- Form a board of advisors you can turn to for advice and guidance
- Ultimately trust your instinct and be decisive.

Investigate training courses your staff can attend

As your business grows, so should your staff expertise. If you're developing new products and/or services, it's important that your employees are well trained in how to use them. Aside from in-house training, look at online training to find what's right for your business.

Step 6: Amplify your capability

Do you have the capability to run a business that is two, three or ten times bigger than you are now? Does your business have the capability to cope with a much larger operation? Take stock of your situation now and plan to increase capability and handle your inevitable growth.

To make this easier consider:

- Having key staff in place to manage a larger operation
- Delegating duties so you can manage the business
- Planning a training schedule ahead of time
- Conducting a skills analysis to identify any gaps.

As you grow you will find that productivity is increasingly important. Small improvements in how you accept orders, process work and deliver to the final customer can result in extra profit.

This is especially important if you need additional equipment or space. Capability building is about increasing your business's ability to do more internally – such as speeding up production or improving your systems and processes.

You may have to invest in new technology and new ways of working to maintain your margins. Create a workflow plan to identify any possible bottlenecks that may occur in the future so you can plan to minimise them. Be sure to:

- Calculate how quickly you can scale
- Determine whether you need more people, more equipment, more room or more supplies
- Have contingency plans to respond if demand exceeds your ability to supply, such as outsourcing to other businesses, employing contractors or sub-contracting work
- Make sure any growth you achieve is sustainable, including having any necessary long-term orders, guaranteed contracts or agreements in place that allow you to increase your capacity with confidence.

What you can add to increase capacity

While it's important to maximise your internal resources, scaling your business for growth almost always means adding to your operations in terms of staff, equipment, facilities and finance.

The right staff

The right staff is critical for your business to grow. If there are vital gaps in skills among your staff, look at training them or hiring someone with the knowledge and experience you need.

It's also important to have the staff you need to meet increased demand. If you're selling orders online and the fulfilment team can't keep up, then it's definitely worth hiring more.

Equipment and facilities

You don't want your business growth to be hampered by not having the right equipment to do the job or the facilities to do it in. If you want to increase production or services, it's likely that the location you're in and the facilities you're using now won't be adequate to meet the new demand.

- Location – move to a new, larger location or open another branch of your business
- Equipment – to increase production on a scalable level, you'll need the equipment
- Suppliers – if you're going to need more raw materials to produce what you're selling, look at changing to suppliers you know can meet the increased demand.

Speak to us if you'd like to discuss the best business structure for your growing operation.

Business structure

Your business structure is often the first thing to change when your business grows, particularly if you start as a sole trader and then want to take on a partner or register as a company.

Choosing the right business structure is an important decision, so you need to investigate each option carefully to decide which best suits your needs.

Step 7: Increase your cash reserves

You'll need money to grow your business – possibly a lot of money. Explore your options to get the money you need to fund expansion.

Free up internal cash

If possible, avoid seeking a loan or outside investment. Reduce your withdrawals or consider leasing equipment when it's needed, instead of buying it. If you can achieve growth without borrowing to do it, so much the better.

Balance the risks and rewards of a loan

It could be that there's no other option than to borrow money to finance your business growth, but you should be certain that it's worth it in the long run. Speak to your banker and your accountant to discuss the pros and cons of borrowing money.

Set up a crowdfunding venture

Not only is this a great way to raise funds, but you can grow your customer database and get people who are interested in your products and services to provide capital. They'll be even more engaged in your success.

Consider angel investors or venture capital

If you can get investors on board, you can take advantage of their expertise as well as use their financial resources to grow your business and increase your cash reserves.

Take advantage of government grants

This is especially true if you're considering exporting. Too often businesses aren't aware of what the government offers to support and help them grow.

There are also ways you can grow your cash reserves from within your business.

Reduce expenses

Review your costs to spot areas you can save money. You may find opportunities where a small investment in technology (for example, subscribing to software instead of buying it) will free up cash.

Ask your accountant to review your books and make recommendations that will reduce expenses.

Free up cash from your inventory

Unsold stock is cash you can't use. To preserve your cash and avoid getting it tied up in stock, try:

- Introducing lower minimum stock levels
- Putting a just in time (JIT) policy in place rather than ordering large, bulk orders
- Holding a stocktake sale to reduce levels of older stock and to free up some cash
- The per unit savings associated with larger orders can be tempting, but always be aware of the impact on your cash position.

Improve your debtor management

Inspecting customers' credit history before you extend credit terms is an important step in minimizing the chances of having cash tied up in debtors.

Excellent debtor management can be achieved by:

- Asking all your credit customers to fill out and sign a credit application form showing your terms and conditions
- Adding your credit terms to quotes and invoices
- Applying credit limits to each customer – and asking for deposits for larger orders or prepayments for work being carried out
- Checking for a history of bad debts.

Investigate internal efficiencies

There are many ways to generate cash reserves by working in your business to create spare cash. Often it's easy to forget some of the more simple tactics to build up cash.

Conduct a review of your business to see if you can cut any costs, without compromising on quality. If you're paying monthly fees for any services, review them to identify if any can be reduced by switching to a new plan. Saving a few hundred dollars a month may not seem much but combined with all the things you pay for, and then multiplied by a number of years, it adds up.

Improving cash flow is the most effective and fundamental way to find more money. Tighten up your debt collection practices, chase slow or non-payers, and investigate mobile payment options to reduce customer invoicing activities.

Develop a cash flow forecast to predict the cash flowing in and out to better prepare for any shortfalls.

Sell unused assets

It's almost inevitable that over time as your business grows and changes, you'll have some assets that aren't put to full use. Perhaps you have idle printers that aren't really used anymore, a company vehicle that's past its use-by date, or aging computer equipment.

Now's the time to scrutinise your business for assets that aren't really being used – and to sell them.

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