

PLANNING YOUR GROWTH

by Nick Hughes

Growing a business is a risky business. In fact, there are more risks associated with growing a business than there are with starting one. Four of the most common hurdles preventing business growth are: the business owner is too busy to work on growth activities; there is not enough money to finance the growth; the business owner has gaps in knowledge and experience; and there is no growth plan.

Here are the strategies to deal with these hurdles:

Find the time to grow

Most entrepreneurs spend all of their available time running the business. The reality of growing a business is that growth activities require lots of time, attention, and energy. Depending on whether you plan slow or aggressive growth you must dedicate anywhere from 20 to 50 per cent of your time on business growth activities alone. For example, you need to hire and train new people to handle the growth; you need to find new and expanding markets to feed the growth; you need to develop new products. These are all above and beyond running the day-to-day activities of your business.

Your first step is to delegate some of your activities to other people. Simply suggested but difficult to do! List everything you are presently doing and identify those activities someone else can or should be doing. Every time you do something, ask yourself if you should be doing this? Find the right people to do these tasks and then train them and train them again until they can do it as well or preferably better than you can. Never just hand over an activity without any guidance and assume it will be done right.

Manage the money stuff

Growth needs money; in fact, growth devours money! You may need a new website, to develop new products, to hire someone before the revenue comes in to cover their costs. The expenses will initially increase faster than the revenues.

First, develop your budget, that is, your monthly projections of revenue and operating expenses. Make sure you have included all growth costs. Then convert the budget into monthly cash flow projections. For example, if your budget shows April revenue of \$10,000 you probably will not receive that money until May or possibly June. Similarly, if there are any operating expenses that can be delayed or paid in 90 days, reflect that in your cash flow projections. Your cash flow projection provides the financial road map to monitor and manage your money as the growth progresses. Peter Drucker, the management guru,



called cash flow management the most important financial tool in enterprises.

Surround yourself with experts

You do not know everything. Ouch, that hurts! You are very brilliant at some things, you are competent at other things, and there are some things you definitely should not be doing. For example, some successful entrepreneurs are unable to manage their money; others find hiring and managing people extremely daunting; still others would prefer to eat broken glass rather than make sales calls. There is nothing here to be ashamed of unless you refuse to recognize that there are areas in which you need help.

There are two types of experts you will search for. The first I call technical experts. These people will fill the gaps. For example, an accountant and bookkeeper if money management is the issue; or a human resource specialist for personnel issues. Then there are the mentors. People who have successfully grown their own businesses and can provide you with their insight and experiences to help you grow yours. Consider putting together a Board of Advisors that are a blend of both the technicians and mentors.

Develop a growth plan

Growing a business means that a whole bunch of different and new things must happen at certain times for the overall objectives to be achieved. This will never happen without a plan, especially if you are dependant on other people to do some of the growth activities. A plan brings it all together and provides your entire team with a common road map to follow. Everyone understands what their responsibilities are as well as the total picture.

Remember, many people plan to grow; very few plan the growth. **E**

Nick Hughes is President of Your Planning Partners. The company works with entrepreneurs who are serious about growing their business. They have a number of products ranging from half-day working sessions to their famous Strategic Focus Program™. They conduct regular seminars and publish an e-news for business owners who want to grow. For information about their programs, seminars and e-news visit their website at yourplanningpartners.com, or call 416 429-2415.