

PLAN FOR GROWTH

BUILD GROWTH INTO YOUR VISION AND BUSINESS PLAN

If you're going to dream, then dream big, because reaching one horizon always reveals another. That's why **VISION** and **PLANNING** exactly how to achieve that vision, are critical success factors in turning big dreams into absolute, veritable reality.

Planning for growth is vital. You need a vision of what you want to achieve and a plan to get you there.

Daring to dream pays huge dividends

Forecasting and planning for growth enables successful entrepreneurs to scale the business up without strangling it or running out of cash. And therein lies the key factor in effective growth management: cash!

Effective growth always comes back to the amount of cash that you have available in the business. Scalability is about the amount of money that you have in the company to invest in that growth. How, when and in what you invest your profits, are the core drivers of growth. With scalability, achieving balance is critical.

For example, a sales-generating business may have periods of exceptional growth. What's vital is how that upsurge in growth is handled. Over-investing is a common mistake made to cover growth. Unfortunately, if a few leaner months follow a period of growth, staff costs may need to be reduced. And what if you've taken on bigger premises to cope with the growth that you can no longer afford?

Stable and solid growth comes back to the all-important forecasting model and one key question: What are you doing with your cash and how are you reinvesting it? Think carefully about this question constantly as your business grows.

HOW TO GROW - SOME ADVICE

I'm often asked for advice on how to grow a business. Two particular scenarios concern me when entrepreneurs believe they are ready to expand. They can be summed up as two questions.

Q: I'm over-achieving sales targets. Does this mean I now need to double the size of my business?

A: No, it doesn't. Scaling a business up should be done in a piecemeal fashion. Look at a short-term small growth phase, even if you've had an upsurge in your business. Over-investment and over-committing financially can kill a growing business.

Q: We've had an exceptional sales period at Christmas. Should I take on bigger premises?

A: No. You should only consider an infrastructure rethink (more staff, bigger premises, increased costs) if you have a guaranteed income. Only if you win a contract that guarantees a level of income for a certain period, should you consider scaling up in this way.

If you don't have guaranteed contractual income, and upsurges in profits are seasonal or temporary, ensure that you:

- Keep costs to a minimum
- Absorb the profit
- Then reinvest.

Reinvesting profit smartly is of crucial importance when growing a business successfully. You need to know how best to reinvest in your vision, and only scale up when you have profits that are sustainable, ongoing or guaranteed in a contract.