

A L L U X I  
C O N S U L T I N G

# CONQUERING BARRIERS To Business Growth

The essential guide to  
Starting Up & Growing your Business

By Linda Garcia

# FOREWORD

It's a statistical fact that SMEs represent at least 99% of their respective industry sectors in the UK. Over recent years, evidence also shows that 20 per cent of new businesses fail within their first year, and 50 per cent don't make it beyond 3 years.

It's a dog eat dog world for Start Up companies! The current economic situation obviously makes things more challenging for micro and small business owners, but there are many other, non-economical, factors that determine whether a business will not only survive but thrive – factors that you CAN control and are within your influence to make sure your business stays on track to succeed.

Conquering Barriers to Business Growth will help every Business Owner and Manager get past the main pitfalls that prevent your business being sustainable in the longer term. It also draws on, and provides practical advice based on my own hands-on personal experiences in developing my own consulting business during the last couple of years.

I wish you every success in your Business venture

Linda



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## THE 5 STAGES OF BUSINESS GROWTH

New businesses, especially those who have been trading only one or two years, have to smash through quite a few barriers, either real or perceived. It's easy to wing it initially, but as it grows and becomes more complex that won't work for long.

### Stage 1 - Start-Up

The start-up phase is definitely challenging, but exciting, as the new entrepreneur feels freedom for the first time, especially if you've been made redundant or left your job to be your own boss.

Entering the market can seem fairly easy for the uninitiated, or those who just have the sheer gut determination to break into the business world. The first few months seem encouraging, although frantic, setting things up, networking building a client base, getting a website, organizing stock, premises – whatever is needed to run your business. However, ensuring the cash flow is maintained sufficiently to get through the first barrier requiring you to invest back into the business, is the initial stumbling block for most micro and small businesses.

### Stage 2 - Growth

If you get over that first hurdle, you can experience a healthy growth curve. The good times seem to roll with incremental annual growth, and your business starts to give you some payback. Pickings seem to be rich but a false sense of security can cause cracks to appear.

Where you have been comfortable actually doing, or providing whatever product or service your business is good at, it soon becomes apparent that as a business owner you need skills and knowledge in other areas of running a business for this to be sustainable in the long term.

Recruiting staff, maintaining the marketing plans, keeping the purse strings in check whilst still trying to get product out the door - all start to cause frustration, anxiety and stress leading to disillusionment. This isn't going to be as easy as you initially envisaged. New skills are needed, and definitely more resource.



# INTRODUCTION

This is where you hit the second barrier and have to reposition your own role from Working in the business, to Managing the business. Two very different things! And this is where the business growth starts to sort out the wheat from the chaff – those who are still in “employed” mode to those who have a real Entrepreneurial spirit, and prepared to step out of their comfort zone.

If you do your research, disengage yourself from the day to day by employing people with the right skills to do that for you, you can then move the business to the next phase.

## Stage 3 - Advanced Growth

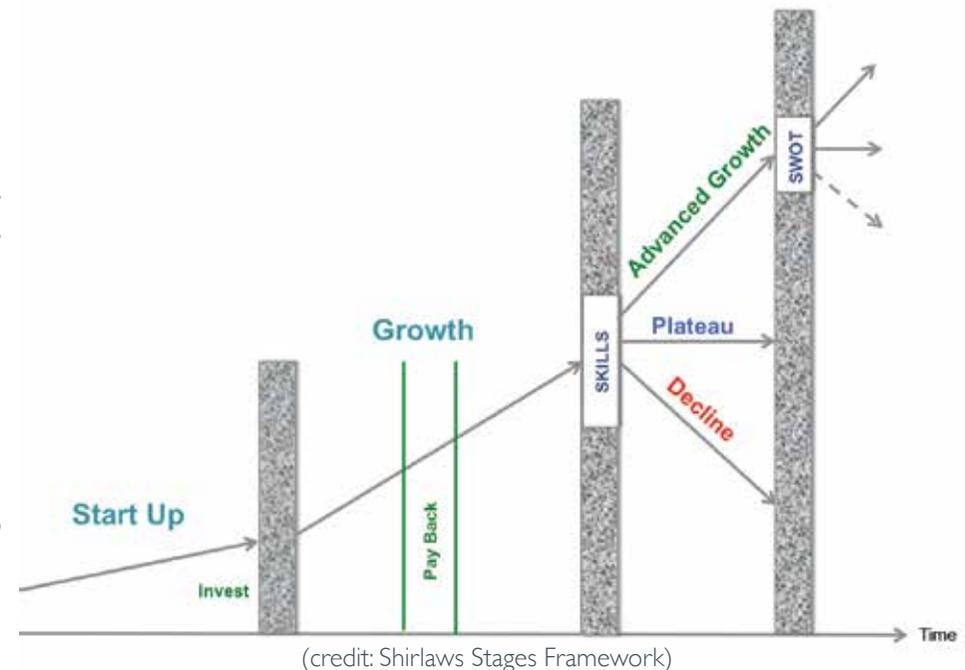
Congratulations - this is where you can feel proud of yourself. You’ve gained and applied the skills to manage the business. Step back and reap the rewards, but keep your finger on the pulse, and your eye on the ball. You can now focus your efforts on developing your staff, further building client and supplier relationships and working on the future strategies of the business to ensure its sustainability and profitability.

## Stage 4 - Plateau

It may be a conscious decision, or life cycles (eg. retirement planning) may dictate the business reaching a plateau in its growth plans. This can be a positive experience in allowing a younger business to consolidate its position. Take stock and enjoy a period of plain sailing, but don't get complacent. Keeping in touch with your markets, the industry in which you specialize and ensuring employees, clients and suppliers are nurtured is a must to avoid entering Decline.

## Stage 5 - Decline

This may be a conscious decision for some business owners looking to retire, or exit a business altogether. However, the business will decline if not properly structured and invested in. Key clients, suppliers and staff will start to leave and the business will eventually close.



## Hitting Brick Walls

If you recognize yourself or your business position above, and feel that you're hitting these brick walls, but not sure how to overcome them, then read on.

### 1. Planning

Your business can be everything you want it to be and more – if you plan for it. It's a proven fact that those with a business plan perform better than those that don't.

### 2. You, The Owner

Your experience, knowledge and self confidence will be the key to your success. Does successful growth demand working harder or smarter? A typical owner-manager spends only 10% of their time on building the business. Meddling and misspent time can be the key cause of business failure.

### 3. The Wrong Objectives

Growing turnover often comes at the expense of profits. Rapid sales growth with low margins is not a healthy approach. Greater profit can be gained with less work and fewer problems by focusing on carefully thought out objectives.

### 4. Managing the Money

Lack of financial strategy and poor control leads to a downfall. We've all heard that Cash is King, yet 50% of small firms have no financial budgeting process or sufficient controls to ensure a secure level of liquidity.

### 5. Muddled Marketing

To many small businesses diversify too early and haven't researched their markets well enough. Focusing on core products or services will achieve better results, and allow a learning curve to better understand your customers' needs.

### 6. People & Change

You cannot grow your business without the help of other people. Continuing to run things as a small business as you get bigger doesn't work. Change management is key.

### 7. Information Chaos

Good information equals good decisions. Information chaos halts growth. Getting your systems and processes right, from the start, is critical to managing a steady growth plan.

# BARRIER I

## PLANNING - THE KEY TO SUCCESS

“Companies don’t fail because they grow. They fail because they don’t plan their growth.”

*Philip Orsini*

Can you, hand on heart, produce your WRITTEN business plan or forecast for your next financial or calendar year? Your route map of how your business will develop and grow over the next 12 months? If current statistics are anything to go by, 25% of start-up entrepreneurs don't think through and document their business plan and strategy. Little wonder then, that so many small businesses don't make it through their first year or two.

### The Journey

Lets expand on the opportunity you may be missing out on through lack of planning. Using the example of making the journey from London to John O’Groats – a distant point on the map – you probably want to take the fastest, most economical route and mode of transport possible. To do this, most of us consult our Sat Nav’s for distances and driving times (approximately 12 hours and 685 miles) and start reviewing the options of best strategy to get from A to B.

You ponder and consider the convenience of driving, or the less stressful idea of taking the train or plane. You compare the costs of a couple of tanks of fuel versus public transport fares. You’d factor in having to stop at the motorway service stations along the way to feed and water everyone over 12 hours (or the cost of a hotel stop over to break the journey up) versus sad looking Train sandwiches or the cold bench in a deserted airport. And after much deliberation you’d take an informed decision.

### The Opportunity

What you probably wouldn't do, is just set off in your car, with no previous research, drive in a zig-zag motion hoping the North Star will appear on the horizon, in the hope of finally hitting your destination through random guesswork, having travelled triple the distance and in twice the time needed. Yes, you reach your destination, but at what price – time, energy, stress, fuel, wear and tear on your vehicle, as well as your frazzled nerves. The opportunity was there to do the journey in 12 hours, via 685 miles, and a lot less cost had you just planned the route.



# BARRIER I

And so it is for business. Strategic plans are your road map to growth, containing measureable objectives, which can be broken down into small manageable chunks of annual or even monthly strategies and a detailed action plan. You use this on a regular basis, week by week; to track your growth and make sure you're achieving the plan. If you start to deviate, if you're keeping tabs on where you are against the plan, you can make regular small adjustments to stay on track.

## The Detail

So what should a good business plan look like. You only have to google "business plan template" to access a myriad of free forms, tips and guidelines so you don't have to reinvent the wheel. If your business plan doesn't answer the key question of "why will your business succeed when so many others fail?" then you need to look more closely at the detail. Here are the key elements to get you started.

### 1. Executive Summary & Your Pitch

Think Dragons Den here. All those times you've sat screaming at the TV screen because the prospects don't know how to pitch their business. Work on your summary, business aims, and a high level financial summary.

### 2. Expertise and Training

Why do you want to run your own business, what's your experience and skills you bring to the business. What training would you (or your employees) need to fulfill the business needs.

### 3. Your Product or Service

What are you going to sell, the variety and mix of your offerings, how you will introduce them to the market, production costs, legal requirements (food industry for example is highly regulated).

### 4. Your Customers

Can you describe a typical customer or define your target market. Outline where they're based, what prompts them to buy your products, do you have existing customers you can further promote to.

### 5. Market Research

Market research can be done from your desk (internet), but don't forget your existing clients for field research, or even gathering groups of people in your target market for focus group. Plan these in and remember the cost implications.

# BARRIER I

## 6. Your Competitors

Have you looked at what your competitors do, where they are, how big they are. Draw up a SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats) comparing their products and service offerings, pricing, quality etc with your own. How could you attract their clients to choose you over them?

## 7. Operating

Your business plan needs to detail your production methods or service delivery modus operandi. Map out the steps in your process from first point of sale to receiving your clients payments – suppliers, equipment, premises, phones, internet, vehicles – are all operational and logistical considerations. Don't forget to cost for management and staff – you can't do it all on your own.

## 8. Cost & Pricing Strategy

This is where many start up and small businesses make fundamental errors. You have to calculate the unit cost of your product, or service provision. Then factor in the overheads – those other costs you can't run the business without (like the roof over your head, and your salary) to ensure your planned profit margin adds in sufficient mark up on the unit cost to ensure a viable business.

## 9. Financial Forecast

This is where you bring all your plans together to show the financial reality of your proposals. The Sales and Cost Forecast is the most obvious, but also plan your own personal survival budget. A cashflow forecast determines at what point you can afford to invest in certain areas, maybe new equipment, better packaging, more staff etc, and a cost table of each of your products will clarify how you arrived at the cost per unit, what was included and how you worked it out.

## 10. Plan B (for Back-up)

Not many businesses think of this, but spend some time considering your short and long term plans, and what your Plan B is if things don't work out exactly how you hoped they would. Build in some contingencies, and think through the potential risks.

This may appear an onerous task but remember it's short term pain for long term gain. Going back to the statistics, rest assured that Owner-managed businesses with business plans perform much better than those that don't, and show superior growth in both sales and profit.

## BARRIER 2

### YOU, THE OWNER

If you've recently started your own business, or only been trading for a couple of years, you may be feeling the stresses and strains as the reality of what's involved hits home. Every new entrepreneur has high aspirations to make a better life for themselves, but beyond the honeymoon period of setting up the new business, the real work of building clients, raising awareness, and juggling all the balls in the air is a daunting challenge. Many don't survive beyond three years. To make sure you're not one of these, let's take a look at how you, the business owner, can break through the barriers to success.

If like me, you've spent many years as an employee, we have to make a major mindset shift. Stop thinking like an employee, and start behaving like an Entrepreneur. Employees are focused in one area of a business, deal with the day to day operational detail, have a specific job description, and a contract of employment neatly setting out their working hours, holidays and rates of pay.

Entrepreneurs don't have that luxury. We start off working 24/7/365, with very little return - we could earn more serving burgers. This is to be expected initially, but you can't keep it up for the rest of your life. That mindset shift will make the difference between building a successful business, and causing your own meltdown. But I'm no psychologist, so let's stick to the hard facts as to how you, the owner, can metamorphose.

### Experience – develop your support network

Your experience in your product or service initially drives the business. Your first clients are your friends, family and other connections you make as the word spreads from this handful of initial contacts. You know these people; they're all supporting you in your new venture and will surround you with positivity. The bubble will burst, however, and you can't wing it like this forever. The business will become more complex and you'll need to strengthen your experience.

Building and widening your support network is vital. Unlike the work place, you won't have a manager or colleague to turn to with a problem, or to ask how to approach a particular issue. Finding key people of influence, other successful business owners, possibly a mentor, accountability group or mastermind board\*, are all forms of support you should actively seek out.

I don't recommend partners, spouses or best friends either. Yes, your nearest and dearest will be holding the fort whilst you dedicate yourself to the business; like picking up the kids, getting the dinner on the table, possibly a shoulder to cry on, or to raise a glass with, when you have the occasional success to celebrate. Keep the business and home life separate.

## BARRIER 2

Research and read as much as you can about how to make a business successful and try to make one or two behavior changes from the suggestions and methods you read about. By taking things one small step at a time, you'll gradually build on your experience and your business will benefit.

### Knowledge – you can only wear so many hats!

As you go from strength to strength, it will seem there is always more to deal with. The number of hats you wear will grow as you take on the various functions from worker, operator, bookkeeper, purchaser, customer support, planner, HR Manager, Strategist, Marketer, IT expert etc. Has your coat rack run out of pegs yet?

Don't be fooled. Businesses are complex entities and you are the driver and the leader. Identify where your knowledge gaps are and seek out training and information. Don't be afraid to recognize your limitations either – normally in time management rather than not having the know-how.

The most common problem initially, amongst new business owners I've met networking, is having to make sure inbound calls are answered during office hours, when they can't be available because they're meeting clients, or simply trying to get the work done. If you need a part time PA, a call answering service, or someone to make your appointments for example, then out-source it as a first step. You don't have to recruit a full time role if you only require a few hours a week. There are many people out there offering their services on a self-employed basis, working Mum's willing to offer part time hours during the school day etc. We've seen a much more flexible workforce evolve away from the old 9 to 5 mentality.

You can save time and money using online resources such as ACAS who have a wealth of template libraries for things like contracts of employment, staff handbooks, standard letters to guide you through the maze of employment law. Let someone else add the expertise and tailor these generic versions to the specific needs of your business. The same applies to book keeping and accounting. You can find local firms or self employed accountants charging reasonable rates for a couple of hours of work a week. It may feel like your costs continually accrue as you grow, but you won't be wasting hours at year-end frantically trying to get your receipts in order, and updating the spreadsheets from the last 12 months. The time you pay others to do the low value, back office, administrative stuff, will be more than paid back by the additional business you can develop from not missing that all important call from a new client, instead of stuck in front of a computer working out your expenses.



## BARRIER 2

### Meddling & Misspent Time – Learn to Delegate

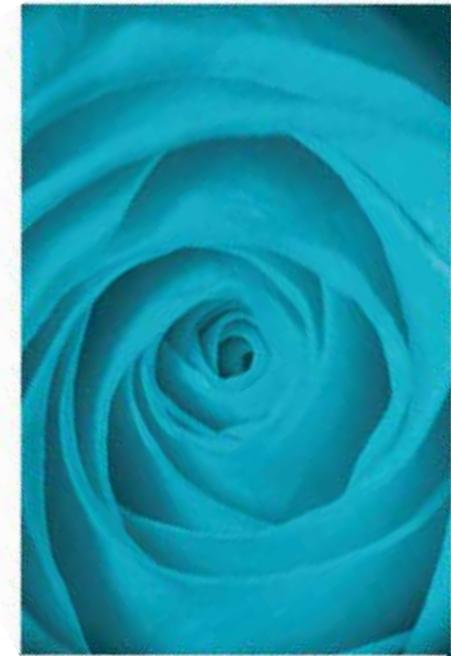
Most owner-managers work long hours. But does successful growth demand working harder, or smarter? Research has shown that owner-managers spend too much time meddling in the detail and solving other people's problems for them. The most important task you should be dedicated to is on the future strategy of the business. Yet the typical owner-manager spends less than 10% of their time on this.

The thought of delegating to your staff can be scary. The fear of losing control of the detail is the key factor that normally keeps you meddling in the operational minutiae that you should be confident to leave to your employees. Delegation can be achieved by coaching your staff, transferring your knowledge and experience, whilst allowing them the autonomy to bring their own skills and capabilities to the job. You never know, they may be better at it than you – and you shouldn't feel threatened by that – you have to embrace it. Richard Branson couldn't fly a plane, but look where Virgin Airlines are now.

Developing effective monitoring systems, controls and reporting procedures will ensure that you keep your finger on the pulse, are aware of the status of the business, and be proactive in steering off schedule conditions back on track before it has a negative impact. Delegating will begin to free up your time, allow your employees to get on with the job in hand, whilst you get out there and work on the long-term sustainability and future of your business.

### Self Confidence

Lastly, there will inevitably be good days and bad days, highs and lows. Find a mechanism that works for you, to stay motivated and maintain your self-confidence. Sometimes you have to stand back. Instead of worrying about all the things you've got to do, get those out of your head and onto the sacred To-Do list, take a deep breath and recognize what you have accomplished. At the end of each day, take a few minutes to reflect on what you've achieved, and keep telling yourself "What a great job I'm doing".



## BARRIER 3

### THE WRONG OBJECTIVES

When you're reviewing your business figures at the end of each month, do you focus on how much turnover you've generated, or are you more interested in the profit margin you've achieved? What is your key focus? Not all business owners have clear objectives, and those that do often focus on the wrong ones. Invariably, turnover, or sales, is the only number that interests the entrepreneur, with no regard for other more critical objectives such as gross margin, net profit and cash generation. Growing turnover is often at the expense of profitability but hopefully, for most of us, greater profit, less work and fewer problems should be preferable to rapid sales growth at low margins.

During my consultations I've occasionally (not often thankfully) been asked what is the difference between operating margin, gross profit, net profit etc. You also, may have squirmed in embarrassment during the Dragon's Den whilst some poor entrepreneur is chewed up and spat out by Peter Jones and Duncan Bannatyne because they can't explain how they calculated their forecast profit margins.

It is, however, extremely concerning that people are running a business without understanding what their financial situation is, or how to monitor their viability and success.

If you don't know whether your business is making a profit or not, you stand little chance of wisely investing cash back into the business. In Barrier one I highlighted how important planning is for any business – especially start-ups. Your business plans must focus on profit margin expectations otherwise you'll be stumbling around in the proverbial dark. Having the wrong objectives is a major barrier to business growth. Here's a brief and simplified explanation to help you focus on the key points, but remember to consult with your expert and qualified Accountant to apply the specifics to your own business.

**Turnover (Sales)** is the income into the business, through the sum of money your clients pay you for the goods or services you've provided to them. There are other forms of income such as interest on the business current or savings account, but let's keep it basic.

If you charge VAT, then account for that separately. It's not part of your turnover, and you shouldn't rely on it for your cash flow either. Easier said than done when cash is tight, but keep on the right side of HMRC with your VAT returns.



## BARRIER 3

**Direct Costs** (sometimes referred to as Cost of Sales) are expenses you can easily connect to the specific item you're producing, like the raw materials you buy in, packaging, direct (hands on) labour directly associated with making the product. Think of it like this – if you didn't produce ANY product, or provide ANY service whatsoever which costs would you not be generating. You would lay off your work force, not buy any stocks or raw materials, and wouldn't need any packaging.

**Gross Profit** is your turnover minus direct costs. So if you're selling 100 mugs for £10 each, and your direct cost is £4 on each mug, then

Turnover (Sales)	100 mugs @ £10 each	=	£1,000
Direct costs	100 mugs x £4 each	=	£400
Gross Profit	100 mugs x £6 (£10 - £4)	=	£600 or 60% of sales

Looking good isn't it! Except .....

**Indirect costs** or **Overheads**. You're also paying for rent on your small workshop, or premises, telephone, internet, heating and lighting, marketing, your admin staff's and your own salary, employer NI and the other expenses, defined as the indirect costs or overheads. These are the expenses you have to continue paying even if you don't sell or produce anything. Lets assume over a year these add up to £200 a year (simple I know)

**Operating Profit** is the gross profit less the indirect costs or overhead. So in our example, £600 gross profit less our £200 overhead = £400. This brings our operating profit to 40% of our original £1000 turnover.

**Net Profit (before Tax)** can add back into the operating profit any other income streams not directly related to sales, such as the interest on our business bank accounts, or deducting costs of eg. interest paid out on business loans. Lets say our Bank Account interest was £10 for the year. This brings our Net Profit Before tax to £410.



## BARRIER 3

**Net Profit (after Tax)** Remember HMRC will take Corporation Tax currently at 20% for all businesses, from your Net Profit. So from our £410 Net Profit Before Tax, 20% or £82 is payable in corporation tax, leaving you with £328 (or 32.8% of your sales turnover) in real cash terms.

**Retained Profit or Dividends** You can then choose whether to re-invest your £328 net profits back into the business, known as Retained Profit, or pay it out as dividends to the shareholders or business owners. Remember that will then count as your own personal income and will you will be taxed on it accordingly, as there are new rules for taxing Dividends from 6th April 2016.

	Units	£/Unit	Gain/ (Loss)	Balance	% of T/O
Turnover (Sales)* - Mug Co. Ltd	100	£10 per mug	£1000	£1000	
Less Direct Costs (Cost of Sales)	100	£4 per mug	(£400)		
Gross Profit				£600	60%
Less Overheads (Indirect Costs)			(£200)		
Operating Profit				£400	40%
Add Bank Account Interest			£10		
Net Profit Before Tax				£410	41%
Less Corporation Tax @ 20%			(£82)		
Net Profit After Tax				£328	32.8%

In summary, from the original figure of £1000 in sales turnover, that some business owner/managers would get excited about; after deducting all costs, expenses and taxation we're left with £328. You can now appreciate why profit is the number that should influence how you manage your business growth rather than your turnover.

And remember Barrier 1, extolling the virtues of good planning – now you can see the difference it will make in how you run your business and take decisions. Ideally for micro and small businesses, a simple spreadsheet showing these calculations at least monthly, together with monitoring your bank account closely, will keep your finger on the pulse of your business status. In essence Turnover is Vanity, Profit is Sanity, and Cash is Reality!!

## BARRIER 4

### MANAGING THE MONEY

As a Business Owner are you confident that your company is on solid foundations financially? We all read about how the lack of financial strategy and poor control leads to the downfall of many small businesses, but how well are we really managing our budgets?

Barrier 3 highlighted that Turnover is Vanity, Profit is Sanity, and Cash is Reality; yet 50% of small firms have no financial budgeting process or sufficient controls to ensure a secure level of liquidity. In this chapter we focus on Managing the Money to ensure your business flourishes.



### Financial Fundamentals

To avoid problems all together there are a few basics you must set up right from the start, to give you the tools and information you need to keep on the straight and narrow.

#### 1. Start Up Costs

Your business plan should outline what your start up costs will be. If you're selling a product you'll need to plan how much stock to have sitting on the shelf as you grow your sales. It's a fine balance between not running out, but being flexible enough to start using the profit margins yielded from your first sales to plough back into producing more stock, and still having some reserve to operate with.

Providing a service may have less start up costs, but will still have operating costs and have to be advertised and marketed so don't be complacent when it comes to forecasting your expenditure against your likely income.

Set up a simple spreadsheet showing your expected sales income in the first year – and be realistic or even use worse case scenario – against the costs of sales in the same time period, to visualize exactly how your cash flow will look. Make sure you know where the cash may start to run out and adapt your forecast accordingly by reducing unnecessary cost before you get into a crisis.

# BARRIER 4

## 2. Business Banking

Apart from talking with your Business Bank Manager to determine how much they can help you in your start up phase, make sure you get the best business account you can, at the lowest possible cost. I got 18 months free banking with mine, but check what the costs revert to once you're out of that period. The charges normally relate to the number of transactions you likely to have in both deposits and withdrawals etc.

Your business bank account should provide a reasonable overdraft facility, which is good for the day-to-day expenses and frees up cash flow, but is a very expensive way to fund longer term financing.

Most importantly, the success of your business could depend on the relationship you have with your bank, so it's important to manage the account properly, staying in credit and sticking to the terms and conditions you've agreed to.

## 3. Record Keeping

Yes, this is the dreaded A for Admin! We all hate it and don't think it's important. Legally, however, there are certain records you must keep, and at the very least you're going to have to keep basic financial information for tax and VAT returns.

To avoid running into problems you'll need to be disciplined and put a regular date in your diary, even if its just half an hour a week to keep on top of this – get your system in place, no matter how simple and **STICK TO IT!** Here's a quick outline of which records to keep, where and when.

What	Where	When
Sales Records or Client Invoices	Sales Ledger	Daily, minimum Weekly
Payments Received	Sales Ledger, Cash Flow	Daily, minimum Weekly
Business Purchases	Purchase Ledger	Daily, minimum Weekly
Payments Made	Purchase Ledger, Cash Flow sheet	Daily, minimum Weekly
Reconcile Sales & Purchase Ledgers	Sale & Purchase Ledgers	Monthly
Chase Debtors (outstanding payments)	Refer to the Sales Ledger	Immediately when overdue
Reconcile Bank Accounts	Bank Reconciliation Sheet	Each bank statement received

# BARRIER 4

## 4. Profit Margin

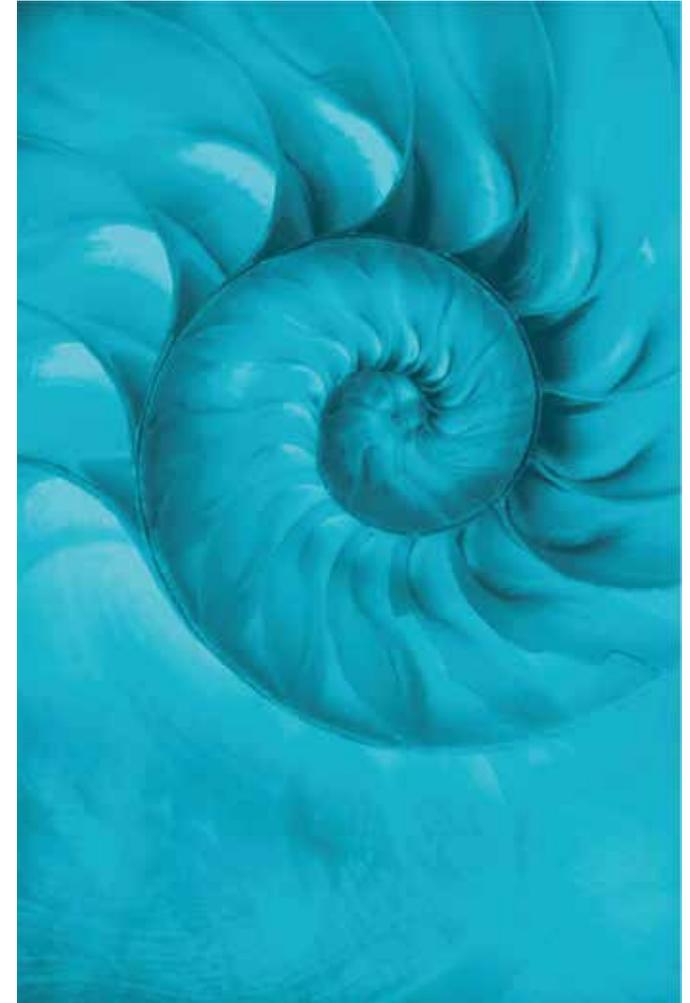
This isn't just something your accountant produces at the end of your financial year, but should be the driving force that you manage your business on. Again, a simple spreadsheet will suffice showing your business transactions of sales turnover or income, and deducting your expenditure so you can see the "bottom line" figure even if it's not exact. Keeping your finger on the profitability pulse is the only way to avoid hitting a growth barrier.

## 5. Avoid a Cash Crisis

Running out of cash is the most common reason why businesses fail in their start up or early growth phases. One key piece of advice is not to wait until you're desperate to seek funds. In the early months or years it's much easier to raise money when your business is showing positive growth and a healthy cash flow that will encourage investors, rather than wait until you're in real problems to seek financing, when people will be put off investing in a failing business.

## 6. Funding

The Government and Local Authorities have been actively providing subsidies and grants to start up businesses for over a decade now, so check out the options that are available to you. George Osborne closed the Business Growth Service in his last mini-budget, but there is a new initiative of local Growth Hubs. The Growth Hubs have been formed as "one stop shops" to assist you through the minefield of information that previously put a lot of small business owners off trying to source funding. Their mission is to do all the research for you; trawling, searching and consolidating possible options, so you can save time and be pointed directly towards any grants, funding or subsidies that might fit your needs.



## BARRIER 5

### MUDDLED MARKETING

Nine out of ten of the fastest growing and most profitable small firms succeed through focus, differentiating their core product or service, and understanding their customers' needs. The key for small businesses is to stick to a clearly defined and focused Marketing strategy. Many businesses diversify too early and lack market focus.

Wanting to add to your product portfolio or service offering is a good plan, but you need to build your ideal client base, and establish their loyalty on solid foundations during start up to growth phase.

#### Headless Chicken

Finding and targeting your client market however, takes dedication to research, instead of running around like a headless chicken in all directions. You have to determine the best channels to find your clients before wasting inordinate amounts of time and large sums of money marketing and advertising in the wrong arenas.

When starting Alluxi Consulting, I went to every possible networking event and spoke to as many people as I could about my service and how it could benefit their business – getting to know many other consultants, business coaches, and mentors who were all (quite rightly) doing the same thing.

During one such event the owner of a local printing business was surrounded, like circling vultures, by 3 of us consultants/coaches all vying for his interest and business. The poor guy looked completely bewildered and I decided to step away from the conversation. The event had attracted half a dozen businesses similar to mine, and the other attendees were sole traders (myself included) who were probably not going to be interested in my services.

I quickly learned from my initial, somewhat erratic, marketing approach what my ideal client profile looked like, and started to only attend forums where I would meet my target market. This has been a successful route to market for my own business, and has started to bear fruit, putting me in front of my ideal clients, to whom I can provide real value.

Thankfully I didn't waste too much time or money reaching this conclusion, but there is certainly an element of trial and error to a business marketing plan, especially when you are first starting up. Putting some thought into how you're going to market your wares is essential to conquering business growth, but you need to test it to make sure its right for you.



# BARRIER 5

## Untangling your Marketing

It's not complicated to streamline your efforts. Follow my timeline to develop your marketing system over time.

### 1. Who are your clients?

Defining your market should have been part of your business plan (Barrier 1). Set out the profile of your target clients and this will focus you on eliminating those groups of maybe's or never's that will reduce your marketing effectiveness and cost you time and money. Ask yourself questions such as

- What are my clients age, gender, professions, income
- How do they think - their interests, value, attitudes
- Where do they go to learn? B2B networking, B2C shows, exhibitions, online websites, social media, offline publications, magazines, trade papers, leaflet drops etc

### 2. How do you reach them?

Create a logical, rational plan. Armed with your client profile you can then research how to reach those specific demographic client groups. At this point you also have to think about your budget, and a steady growth plan. There's no point spending thousands of pounds to advertise or market through one channel if you're not confident it will generate sufficient leads, convert to sales, and generate enough profit margin to pay back the cost of that advertising.

Again, some ideas and testing is required. Spread the risk and effort over a number of carefully selected channels and monitor the outcomes carefully to fine-tune your message and where you get the best results.

### 3. Stamina & Staying Power

Results are not instant – overnight success is a myth. Those products we perceive have become an overnight sensation have actually been bubbling away in our subconscious for months or even years, we just haven't paid much attention to them. Then all of a sudden – WHAM! They hit the headlines with a punch.

You have to consistently market your business, product or services over a period of time, monitoring the results regularly and tweaking the plan to really exploit those channels that start to show good results. Persist with those that may not be creating the highest volume of leads, but show a slower, steadier growth.

The success of your marketing campaigns depends on consistency and repetition. Some Marketing experts advocate trialling over six months before deciding to ditch a particular path.

### 4. Avoid the Latest Fads

Don't get diverted or distracted by the latest marketing fads, especially in the social media environment which, let's face it, is still in its infancy. Even social media marketing works for the same reasons as other marketing techniques – by clearly identifying a narrow target market and consistently and regularly implementing campaigns.

Shifting away from your clearly mapped straight and narrow path will not guarantee your marketing success. Only move on to the next option if it fits with your business plan and you have the discipline to see it through.

In summary, there is no Silver Bullet to make your marketing successful - it requires discipline. Define your goals, create and implement the plan, frequently monitor and tweak the campaign results, and above all - be patient.

## BARRIER 6

### PEOPLE & CHANGE

Dealing with People and Change can sometimes feel like walking on eggshells. People are the key asset in every business, and you cannot grow your business without the help of others. Continuing to run things as a small business as you get bigger doesn't work. In Barrier 2 – You, The Owner, I touched on the importance of learning to delegate, and not meddling in the detail or trying to solve other people's problems for them.

The thought of delegating to your staff, especially if they're new to the business, can be scary. The fear of losing control of the detail is the key factor that normally keeps you meddling in the operational minutiae that you should be confident to leave to your employees.

Delegation, however, is not the only art you need to master when building your first team of employees. There are many factors that you have to carefully think through and manage. Here are four ways to help you form a successful and productive team to build your business on.

### Company Culture

This may sound wishy washy, but culture and wellbeing in the workplace is fast becoming recognized as the key influencing factor in successful businesses which, lets face it, should come as no surprise given that a business is only as good as its People.

In a global survey carried out in 2015 by Deloitte, 87% of organisations responded that their number one challenges are employee engagement and culture issues. They summarized that "organisations must begin to hold leaders accountable for building a strong and enduring culture, listening to feedback, and engaging and retaining their teams".

As part of your business development consider how you want your business to be perceived as an Employer – what will your staff say about your business to their network of contacts, friends and even your clients? The culture you want can only come from you at the top, and be filtered down - lead by example.



## BARRIER 6

The most successful businesses outperforming their peers, and most likely to beat their competition in attracting and retaining top talent, are creating cultures defined by

- meaningful work
- deep employee engagement
- job and organisational fit
- strong leadership

Clearly define your core values, and communicate them regularly to your team so they become part of their everyday work ethic. Everyone in the business should share a common goal and understand how their role affects the business and its results.

### Friendly or Formal?

On a more tangible level, another key factor for small business owners is formalizing the employee/employer relationship. Many micro and small businesses start off with best friends, family members, or casual labour helping out in the business, with no formal terms, conditions or contract of employment.

This may suffice to a point, but if you are serious about growing your business you will have to formalize these unspoken agreements, not only to reduce the risk to your business but also to enhance the relationship on both sides. Giving your staff, at the very least, a formal contract of employment and a well-designed job description shows your commitment to both them and your business. It will create a sense of clarity, permanency and should result in greater engagement from your staff.

Formalising the working relationship doesn't have to jeopardize the friendship between you and your staff. If anything it should strengthen the confidence between you, eliminating any ambiguity or future misunderstandings. It will also enhance the professionalism of your business, providing a sound commercial foundation to drive the business forward.

### Reward to Retain

Once you have formalized your team, the last thing you want is to lose them after a few months and have to start again. The Institute of Leadership & Management (ILM) have published survey results claiming that 37% of UK workers were hoping to leave their job inside 12 months, and a quarter of those cited their main reason as being underappreciated by their current employer.

## BARRIER 6

Motivation and reward are vital for staff retention, and it doesn't have to be costly. Financial reward is not the only way to build loyalty from your staff. Sometimes positive feedback, and where necessary give corrective advice, is all it takes to make someone feel appreciated. Other workers are happy so long as the work is interesting, satisfying and helps them develop.

As the business owner, set out your goals for achieving employee engagement by examining the challenges they face and helping them overcome those. Rewarding people by helping them develop is also beneficial to the business. You can consider initiatives that

- challenge and stretch your employees, giving them more responsibility
- give constructive feedback on a regular basis
- link long term development to the short and long term needs of the business, and make this connection visible and clear for the team to understand
- celebrate successes – even small ones, but be spontaneous now and again

## Systems & Structure

The last factor is how you organise your business. When moving through the start-up to first growth phase a lot of change can take place in a very short space of time, which can be daunting for you as the owner let alone the staff being carried along with you. There is always a need to be flexible and fluid, but in order to stay in control of your business growth you must put systems and processes in place. Providing structure to their working day, week or month helps your employees feel stable in what can otherwise be overwhelming state of constant change.

Going back full circle to the beginning and my point about learning to delegate, this is made so much easier if you have mapped the work flows, written the manuals and procedures and set out your expectations clearly. Creating systems, within which people should work, from giving them a simple daily task list, to more sophisticated control mechanisms defining the indicators against which their progress will be measured and managed, is essential. Without these your employees have little or no understanding of what is expected of them, and delegating to them will create you more problems than it resolves.

In summary your business is only as good as the People in it, and they can only be as effective as the tools and training you provide them with to do their jobs well. Get your team recruited, trained and bought in to your company culture from the beginning and you'll reap the rewards very quickly.



## BARRIER 7

### INFORMATION CHAOS

Growing a business is full of decisions, and if your decisions are not based on sound facts and figures then your bad decisions will lead to a halt or decline in your growth. In my article "Is Your Reporting Driving your Business Forward" I explained that the most effective managers see more opportunities and achieve greater performance by having data at their fingertips. They rarely go by their gut feel and never rely on hearsay or rumour to know what's going on in their business.

As a Business Owner, you must organise your information and data sufficiently to allow the Right Information to get to the Right Person at the Right Time. You need to ensure your business decisions are informed and based on sound judgement. We've all heard the horror stories (or you may recognise yourself here) of small business owners throwing all their receipts and bills into a shoebox, thinking they'll sort it all out later, and rely on their long suffering accountant to piece it all together at the end of the year, only to find out the business has made a loss. I've also witnessed customer quotes scribbled on paper napkins, lost for weeks under piles of other serviettes, never converted into a Sale and the customer long gone to the competitor.

### Chaos Theory

Information Chaos causes confusion, and leads to complete disorder. I worked with an extremely intelligent, highly mathematically minded CEO quite a few years ago, who kept trying to persuade me that the Chaos Theory – piles of paper on the desk in no particular order, and added to daily – was a good thing. He tried to convince me that the laws of probability would make the most urgent and important items miraculously surface to the top and be attended to. Needless to say they didn't, and within three months of working with him his entire business affairs were neatly reined in to military precision filing systems, spreadsheets of data, and to do lists.

So what methods can you use in your business to make sure you're on top of reality and making informed decisions based on objective, factual and timely information.



## The Three C's

For the information to be good, the source of your data must comply with the Three C's – Correct, Current and Consistent.

### **Correct**

Correct means that you've checked the data, and verified its accuracy before you input it into your systems. To put it in polite language Rubbish In = Rubbish Out.

### **Current**

Set yourself, and your employees, standards of time frames, to ensure your information is up to date. If this means setting aside two hours every week, on the same day, to input all your receipts and expenditure into your basic book keeping spreadsheet, then block that time out in your diary and make it happen. Little and often will be far more effective than panicking six months down the line when you're trying to work with old information.

If you buy in databases or marketing lists, make sure you also buy the updates on a regular basis, and clear out those clients who have requested not to be contacted or unsubscribed.

### **Consistent**

Consistent means the information you use is comparable, and everyone understands and applies the same definitions to information sources. Setting up client databases is a typical example where consistency often goes by the wayside. If lots of people are all using the same database, but nobody has defined exactly what data should be input into the different fields, as time goes by the database becomes contaminated and unusable.

Keep the data in one place and only give access to those employees that need to update or use the information. Make sure staff are fully trained and understand exactly how the information should be input, give them written definitions of fields. Above all let them see how the information is going to be used so they appreciate the importance of accuracy and discipline in their work, and what the impact of errors will be.

## Don't Get Personal

Another problem I've regularly come across is employees making information their own, rather than treating it as company property. Many folders and files in the computer drives have meaningless names that give no clue as to what the contents are, or use the employees own names and individual referencing. This makes it impossible to find, or access if it's password protected, if the employee is away on holiday, off sick or even worse has left the company.

## BARRIER 7

If you want to find the sales records from the middle of last May for example, you would hope to find a folder called 2015 Sales Records, and open it to access files named 20150522 Sales (ie. 22nd May 2015). Instead you find a folder called JOESTUFF full of dumped word documents, excel spreadsheets and other paraphernalia including personal piccies of his pet hamster and last year's trip to Margate.

Sharing through cloud based software's has made it so much easier for businesses to give controlled access to those people who need it, so that one source document can be updated by multiple users at the same time. This technology avoids the need for infinite versions that are mistakenly saved back to the source document, overwriting other updates in error.

### Design, Document & Comply

Company policies and procedures should define how information shall be created, managed, updated and archived in carefully mapped out computer drives. To avoid Information Chaos, as a business you need to decide what the system or process will be, map it out and document it in detail – write the manual. Then use that manual to communicate and train each staff member involved in those processes, making sure everyone complies and understands the importance of the process you want them to adopt. Check staff are complying with it on regular intervals and do an audit every quarter, or half yearly, to keep your processes sanitized.

If the process or system changes, which it should do if you're continually looking for ways to improve and avoid chaos, that's fine – you just update the manual accordingly and communicate the changes through a Tool Box Talk or monthly training update session.

### Fringe Benefits

There are fringe benefits to documenting your processes, systems and procedures. ISO Accreditation or other Quality Certifications require written statements of your business procedures in a transparent and auditable format. Get it right and you'll be half way to achieving that accreditation.

When providing quotations, bidding or tendering you will stand out from the crowd, and give you competitive advantage, if you can present quality standards of how you manage your business. These will clearly communicate the quality of service your clients can consistently expect from you.

And last but not least, if you decide to sell your business, your procedures will add significant value to your business for prospective buyers.

## FURTHER READING AND ADDITIONAL INFORMATION

Poor Planning Could cost UK businesses dearly this year

<http://www.smallbusiness.co.uk/news/outlook/2501106/poor-planning-could-cost-uk-companies-dearly-this-year.html>

Drawing up a budget for effective business planning

<http://www.smallbusiness.co.uk/financing-a-business/accounts-and-tax/2466927/drawing-up-a-budget-for-effective-business-planning.html>

Accountability Groups & Mastermind Boards

These are excellent sources of support from like minded people, providing forums to help you through particular business issues, plans or simply having someone to feel accountable to. These are Kent based, but search online for your local groups.

- Entrepreneurs Business Club

<http://ashlawrence.co.uk/seminars/entrepreneurs-business-club>

- PureB2B Mastermind Boards

<http://pureb2b.co.uk>

From Hamsters Wheel to Cocktails Around The Pool – Barnaby Wynter, January 2016

<https://www.linkedin.com/pulse/from-hamsters-wheel-cocktails-around-pool-barnaby?trk=prof-post>

Entrepreneur – 12 Steps To Go From Employee to Entrepreneur

<http://www.entrepreneur.com/article/247194>

Business is Great – Where to get Start up advice

<http://www.greatbusiness.gov.uk/where-to-get-start-up-advice/>

Federation of Small Businesses

<http://www.fsb.org.uk>

### Every business has opportunities to optimise its returns

By continually comparing where we are to where we want to be, evolution proceeds in a continual spiral towards perfection. Adapting to our environment to become the best it can be with the resources we have available.

My 20 years' experience of implementation and change management enables me to analyse what's working and what's not – clearly, and quickly. I provide the expertise, knowledge and skills you need to drive continuous improvement, with measurable results.

I bring a fresh pair of eyes. I use common sense solutions and inspire creative ideas. I enable you and your people to move your company forward as quickly as possible.

Please get in touch today to talk about how you want your business to evolve. Tell me the results you want and I'll show you how to achieve them.



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