



7 Different Ways to Grow and Develop your Business

- Alternatives to merely “getting bigger”

As entrepreneurs, we do not necessarily hope that our companies will grow big, but we always hope that they will develop. So what are our alternatives if we do not intend to create a big company?

It is seldom the prospect of earning loads of money that persuades most entrepreneurs to start a business. We can see it in ourselves, but we can also see how many successful entrepreneurs continue to develop their businesses - or start up others—although they earned enough long ago to enable them never to have to work again. In reality, you are seldom likely to succeed as an entrepreneur, if you just go after the money.. It is usually the most enthusiastic and passionate entrepreneurs, who also end up successful with the added bonus of making a good profit.

“If you don’t get big, you are toast!”
Ken Morse, Professor MIT.

Perhaps what drives most of us is the prospect of seeing our ideas and dreams become reality, rather than envisioning ourselves sitting in a big office with a large management and hundreds of employees.

Society wants us to be big

The whole social debate about current entrepreneurial conditions focuses on how to create more “growth-oriented

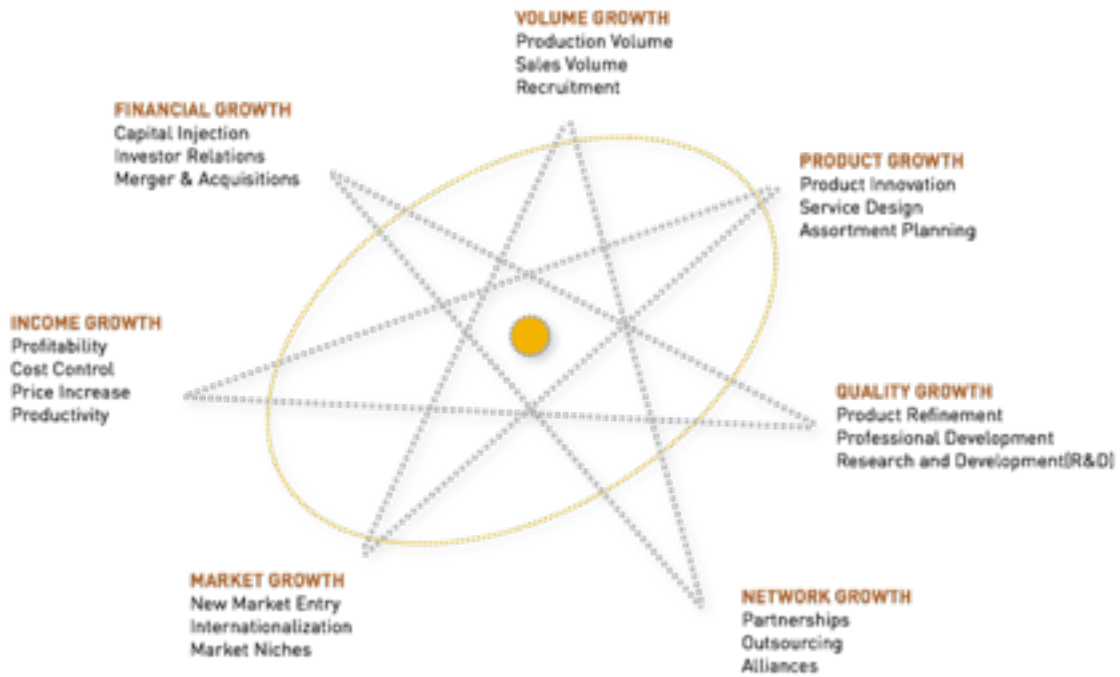
entrepreneurs” This makes sense since it is, of course, the politician’s job to ensure the foundation for maximum job creation and maximum income for society: that is why we voted for them.

However, an interesting question to consider is whether growth necessarily happens where we expect it to or whether it lies as hidden potential within those businesses that are not yet growth businesses, but could be. The social debate therefore also prompts us to ask ourselves what we actually mean by the term “growth-oriented entrepreneur.” See more about how this can be defined in the figure below.

Competitors pressure us to grow

Growth-pressure on entrepreneurs and small business owners can also come from our competitors. Unless continuously grow and raise our income, we may not be able to afford the investments necessary to keep us competitive. In the end, this could mean that our competitors will overtake our entire market or, as Ken Morse, an entrepreneurship professor from MIT in USA, recently pointed out during a visit to Denmark, “If you don’t get big, you are toast!”

The Growth Star: Choosing the next growth scenario



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So, our business cannot afford to stand still; it feels unnatural not to develop. Much like plants and other organisms, a business has its own life of sorts and without development there is no life. The question is simply what kind of life do we want for our business and for ourselves within the business?

Seven alternative growth scenarios

Whether we grow out of need or desire, we, as owners, can choose from at least seven alternative growth strategies for the development of our businesses. These can be seen in the “Growth Star” (see figure) that illustrates seven different directions to follow and that these directions are all interconnected. Businesses often grow different areas at the same time in different ways and one form of growth can lead to another

For example, we may want our business to become the best within its field. We therefore, concentrate on increased quality development of our products (scenario #5: quality growth). In the long run, this could mean that the company can raise its prices and thereby achieve subsequent income growth (scenario #7: income growth).

Another example, could be that we focus on penetrating new markets with our business, and on internationalizing (scenario #2: market growth). Such a growth plan can, in some instances, lead to the business becoming mature enough to be bought up or open the possibility of us buying up others. (scenario #3: financial growth)

Finally, there are also many smaller businesses that want to grow through partnerships and alliances that generate the expertise to solve greater challenges (scenario #6: network growth). Such a focus can also result in the creation of entirely new products and services previously unseen within our existing market (scenario #4: idea and product growth).

Although the seven growth scenarios are connected and may not always be separable, the Growth Star provides a common language with which to talk about our alternatives and preferences. In this way, it can be used to initiate a dialogue on the future development of the business, with any business partners, our advisory board or the bank.

Growth challenges

Once we have decided on prioritizing a certain type of growth as our first focus area, we have to accept a series of challenges necessary for the growth to occur. These challenges vary according to the different growth scenarios and are listed in the chart above.

The desire to grow through idea and product growth (#4) will involve challenges related to establishing processes for continuous innovation and product development. We must also gain market insight in order to develop products that either fulfill a need or create one.

If we prioritize income growth instead, our challenges will be different, namely to reduce costs and raise prices without losing orders or clients.

Growth in size, “volume growth” (#1), also involves challenges. These include organizing and leading an effective sales organization and having the skills and knowledge to recruit new employees, which are required when a company grows in size.

Our daily challenges are, of course, related to factors other than how we grow, e.g. the branch we are in, our startup life stage and many other things.

On another level, our growth challenges are also determined by the kind of people we each are as entrepreneurs. Besides being limited by organizational and market related factors, we may also be limited by our individual emotional barriers that make us hesitant about growing our businesses to their full potential.

“By having a strong mission, the business becomes less contingent on the successful sale of one single product.”

Emotional barriers

There can be many, very natural reasons why we, as entrepreneurs, do not feel ready to throw ourselves into a growth scenario. One, is that it feels somewhat unrealistic to think or talk about expanding internationally, when our business is still in a startup stage. We still have to earn enough for our first employee, before we can even consider expanding.

In other words, our business is not yet mature enough for us to begin thinking about growth, because we have not yet reached the stage where our business idea has shown itself to be sustainable. Therefore we may feel any plans for growth are like building castles in the air.

Another emotional barrier to thinking about growth is that we feel that setting a goal for growth interferes with the creative freedom that we so highly value as entrepreneurs. The fact is that ambitions to grow are usually followed by a series of plans for all the things that need to be done. Suddenly, everything that is supposed to be fun turns into an obligation; a pressure to perform or something containing the risk of failure.

A final barrier to creating growth could be that we, as founders of the business, are more or less consciously insecure about our ability to keep up the pace, should our business actually succeed in growing. Perhaps, we have heard examples of other entrepreneurs who, after several

years of growth, felt alienated from their own business, or we are deterred by stories of entrepreneurs that felt they had created a “monster” that they could not handle or no longer wished to take responsibility for. In cases such as these it is better to employ a professional director, which means that we just have to start over again.

While many of these emotional barriers are not always reasonable or justified, we can still feel them and think about them. So what does it take for us and our startup to get ready for growth?

Strengthening growth ambitions

The first condition for strengthening our ambitions for growth is a few successful experiences. Success breeds success and we first have to show ourselves and our surroundings that we are doing something worthwhile. Another important factor that can strengthen our growth ambitions is to look at other entrepreneurs, who have undergone the kind of development we want for ourselves. If they can do it, so can we. We can also benefit from

the experiences of those who have overcome the same challenges that we will have to face.

A final way in which to strengthen our growth ambitions is to share them with others. This means either teaming up as founders/owners of the business or by getting others to join in as co-owners or investors along the way.

The most important thing is to be a part of a social community, where everyone supports and strengthens each other in their belief that growth is something possible and mutually desirable. This applies, regardless of whether you want to become a large business or whether you have another view of the way you want to create a growth business.

Suggestions for the next step

- Prepare a prioritized list of those growth scenarios you prefer for your business.
- Examine the challenges the growth implies for your business and whether you are ready for them.
- Plan actions and initiatives that get the scenario moving forward.

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