

Small Business Growth Guide



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Contents

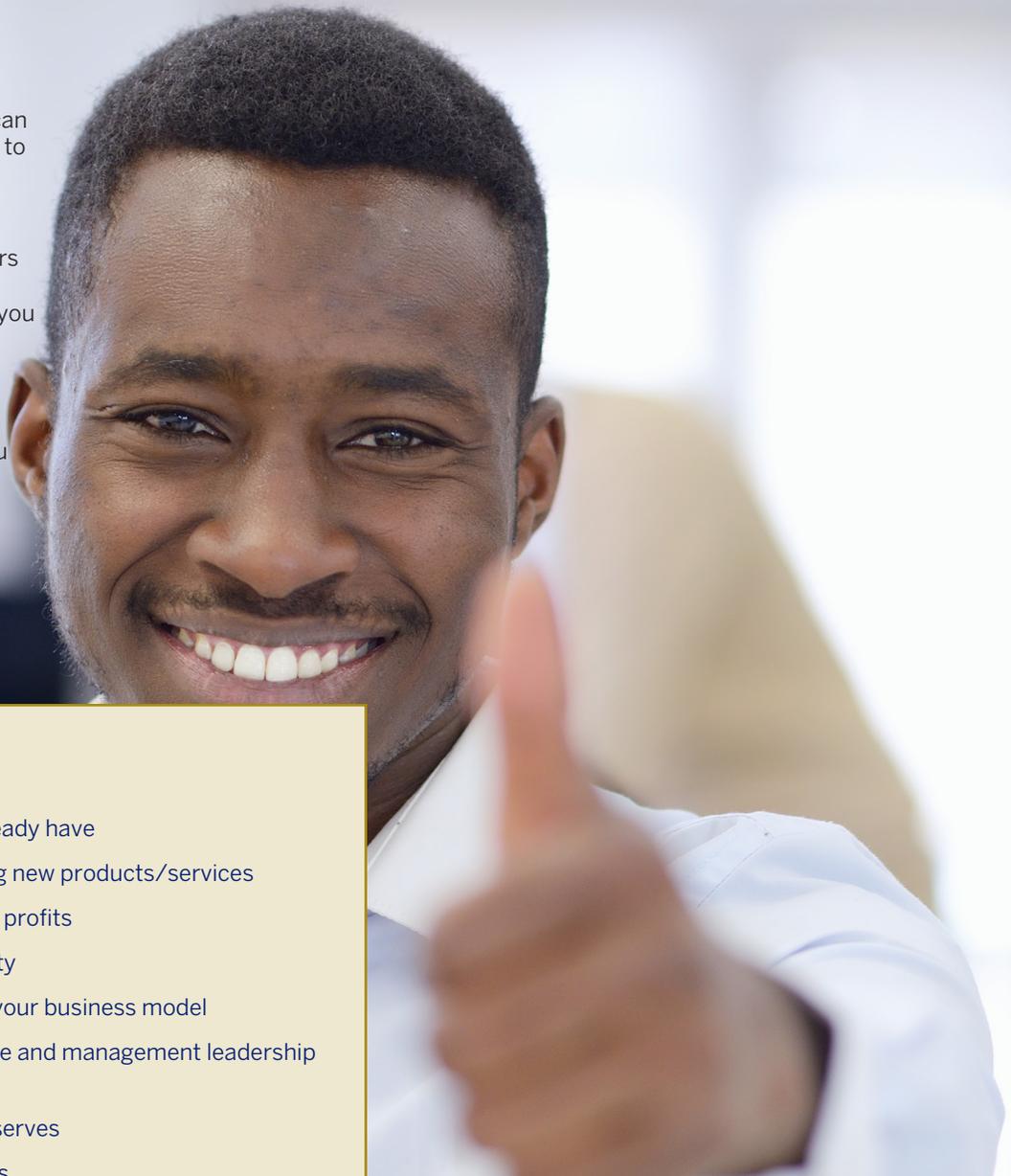
Introduction

Successful business owners are always looking at ways they can grow their business and maximize their profits. It can help to review proven growth strategies to get some fresh ideas.

If you're ready to take your business to the next level, this guide will help. It offers 11 strategies you can use to grow your business, plus tips to find the financing you will need to fund your growth.

And when you need more, be sure to visit [Voyage](#), our Small Business Hub that's packed with resources to help you run your business.

Here's what's inside this book.



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Step 1 Grow what you already have

Sell more to your existing customers

If you have existing customers that would buy again from you or inactive customers waiting to be contacted again, then you may be able to grow by simply focusing on what is right in front of you.

Tip

Build a lasting relationship with your Business Banking Manager. Discuss your cash flow forecast with them and let them know if you expect to have cash issues during the year.



Your existing customers already know and trust your business. You don't have to convince them again of the reasons to buy from you – your reputation is already established. Existing customers are predisposed to buy from you as they would rather buy from a known supplier than go through the process of shopping around for a new supplier.

All you need to do is ask them to buy from you again.

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

- Contact every customer and offer a complementary product or service.
- Determine when customers need to re-order from you and contact them.
- Introduce new ways for customers to buy from you, such as online ordering through your website.
- 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).

When you contact them, do something exciting like invite them to a special event or product launch. Make your existing customers feel important. Get their attention with a unique offer or exclusive treatment.

Use your database

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

Use your accounting software to spot opportunities

Your accounting software is a good tool to identify your best customers. Run reports to see 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 tailored offers.

Tip

More than just a tool to keep records, you can use accounting software to make informed business decisions.



Ask your customers what they want

Make it easy to sell more to your customers – by asking them what they want to buy from your business! Do some simple research by contacting a handful of customers and asking them:

- 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. Again, turn to your accounting software to analyze 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 an email, place a call, or mail an offer to get a re-order from those customers.

Tip

Manufacturers of printer ink cartridges can monitor customer ink usage online so they can ship fresh ink cartridges just before the customer runs out.



Step 1 Grow what you already have

Run a loyalty program

Customers today expect more attention and more benefits – you can give them both with a customer loyalty program. There are many different forms of programs; some reward with points or travel miles (think credit card), 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 program, such as a VIP event or weekend getaway package.

You'll find many different providers of loyalty programs online. Many of these companies offer an affordable and turnkey solution you can implement right away. Or you can create your own custom loyalty program.

Nurture your social media channels

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

Get really good at cross-sell and up-sell

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.

Grow by finding new customers

If you already have demand, then you must be doing something right. Once you have exhausted your existing customer base then it is logical to look for more customers with a similar profile to your existing ones.

Where to find new customers

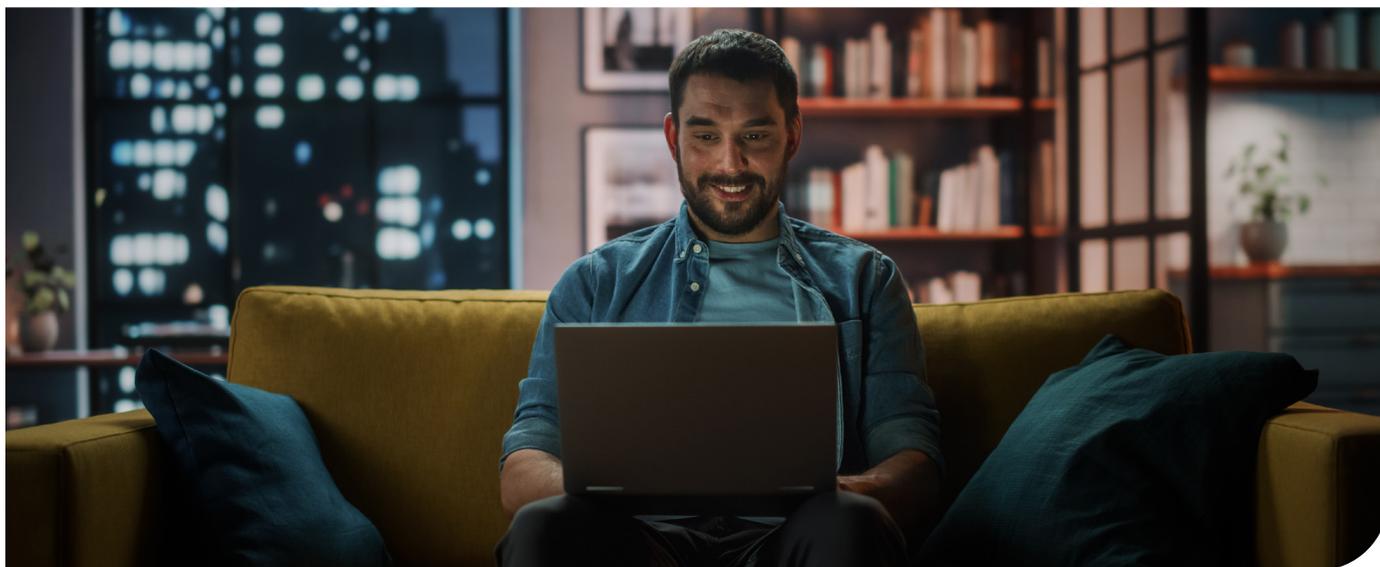
The first step is to build a profile of your ideal customer. If you already have some regular customers, it should be easy to build a customer profile. If not, base your customer profile on your business plan research while taking into account your competitors' customers.

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

- Generating referrals.
- Using social media channels.
- Optimizing your website to increase the relevance for search engines.
- 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, blogging, writing for magazines or volunteering for projects.

Tip

Up-sell involves offering a more expensive purchase to the customer. The owner of a hotel can up-sell by persuading a guest to take a deluxe suite rather than a standard room.



Step 2 Grow by developing new products and services

Research new ideas and see if you can update current products

Identify any new products or services that a) complement what you have and b) 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 is no growth in sales.

Check financial feasibility

It's important to make sure there's a demand and that you can actually create the product. 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 some time and money in research and development to create a prototype product to present to your customers.

Test with customers

From friends and family to more formal focus groups, it's important to test your product in your target market and to record and analyze 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 may 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.

Diversifying into new products is essential for business growth. All products have a finite lifespan, so it's good business sense to innovate new products and services in order to grow your business.

Tip

Learn more about IP by visiting the [US Intellectual Property Office](https://www.uspto.gov).



Voyage Resource

Guide to Developing New Products and Services

Read more about this topic in this guide in the [Growth section on voyage.harborone.com](https://voyage.harborone.com)



Invest in research and development

Most businesses need to find new products and services to keep ahead of the competition. 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.

Allocate a percentage of sales income to research and development. Always look for new products or services that will help your business grow. For example, most books read are sold as an e-book. Physical workshops that teach certain skills can be transformed into online learning modules.



Step 3 Grow by improving profits

Improve efficiencies

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

Tighten up operations

- Chase up outstanding debts and tighten up your credit processes.
- Put strong systems in place that are frequently checked.
- Iron out small inefficiencies by streamlining systems and processes.
- Make the most of technology to streamline processes and become more efficient.
- Manage your workloads, so that they're effectively prioritized and delegated.

Voyage Resource

Five ways to increase profit calculator

Discover how small changes across five key business indicators can build significant profit to your bottom line.

Located in the [Tools and templates section on voyage.harborone.com](https://voyage.harborone.com)



Improve skills

- Review staff skills and experience, identify where improvements can be made.
- Identify appropriate training courses and enroll staff.
- Run in-house training sessions.
- Determine if new staff who have specialized knowledge need to be hired.

Sort out staff requirements

- Check that you have the right mix of employees for your requirements.
- 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 extra slack to increase your capacity at any time.

Develop smarter systems

- Review your current systems and pinpoint areas that need improving.
- Get input from employees on ways to improve operations. Make a list of the solutions needed to improve systems.

Improve performance

- Eliminate unnecessary and time-consuming jobs to improve efficiency.
- Delegate work to those that are best qualified for, or suited to, the task.
- Encourage staff to evaluate their work quality and make improvements.
- Check that progress is really matching your business goals.

Review your equipment

- Consider leasing key equipment or machinery needed to increase capacity.
- Investigate new technology that removes redundant processes or replaces manual tasks.
- Talk to best practice 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.

Tip

Develop templates for everyday documents like invoices.



Step 4 Grow your capability

Assess your capability to handle expected growth

Do you have the capability to run a business that is two, three or ten times bigger than you are now? Take stock of your situation now so you can increase capability and handle your inevitable growth. Take care not to be too top-heavy in your management.

To make this easier consider:

- Having key staff in place to manage a larger operation.
- Delegating parts of your role so you can manage the business.
- Planning a training schedule ahead of time.
- Conducting a skills analysis to identify any gaps.
- Make sure you continue to invest in employees that actually do the work.

As your business grows, you may have to recruit people with new skills or experience.

Does your business have the capability to cope with a much larger operation? As you scale up 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 working on your business's ability to do more internally – such as speeding up production or improving your systems and processes.

Conduct a human resource audit to identify if you need additional staff with different skills

It's worth investing in additional staff if they have the specialized knowledge and experience you need. Consider this as an alternative to up-skilling existing staff, especially if the training involved would be too time consuming or demanding.

Retrain current staff if your business growth requires new skills

If you believe that your current staff would benefit from retraining instead of hiring new staff who already have those skills, it's a good idea to explore what training options are available. It's important to discuss retraining with your staff to ensure they'll be able to fit it into their schedules.

Review your technology

Think about whether you need to upgrade internal systems or software. You need to be sure that the systems you use to administer your business and its sales can handle expected growth.

Tip

It's worth investing in updated equipment and technology to increase output.



Conduct an inventory process audit

The idea is to solve any potential bottlenecks that increased growth might cause. It's also a good way to get rid of anything in the inventory that's not needed – a great excuse for a sale.

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 minimize them. Be sure to:

- Calculate how quickly you can scale and if 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. If you scale up then you will want long-term orders, guaranteed contracts or agreements in place that allow you to increase your capacity with confidence.

Understand the implications of this on cash flow and if you will need to borrow additional money.

Voyage Resource

Guide to Building capability and capacity

Read more about this topic in this guide in the [Growth section](#) on voyage.harborone.com



Step 4 Grow your capability

What you can add to increase capacity

While it's important to maximize 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

Making sure you have the right staff is critical for the growth of any business. If there are vital skills missing amongst your staff, look at up-skilling them through training 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 fulfillment 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're looking 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 - look at moving to a new, larger location or opening another branch of your business.
- More 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.

If demand for what you're selling is increasing, so must your production capacity and that means making sure you're in the right location with the necessary equipment, facilities and staff to meet that demand.

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.



Tip

Speak to your accountant and your lawyer to discuss the best business structure for your growing operation.



Step 5 Grow by updating your business model

Update your business model to grow

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

Examples of business models:

- Taking an off-line business and putting it online.
- Ceasing manufacturing in order to license your design or product to other manufacturers.
- Selling your intellectual property in return for royalties.
- Allowing buyers to pay monthly through a subscription service.
- Open an offshore branch to get a foothold in an export market.
- Investigating joint ventures to access different markets without the cost of doing it yourself.
- Acquiring competitors to expand your customer database.
- Developing a strategic alliance to gain shared market advantages.

Tip

Always check that any new business models are in line with your business vision. Technologies and markets change at an ever-increasing rate and often there are growth opportunities that just require a shift in how you receive the income.



Always check that any new business models are in line with your business vision. Technologies and markets change at an ever-increasing rate and often there are growth opportunities that just require a shift in how you receive the income.

Investigate franchising

One of the best and most effective ways to grow your business and see a major spike in profits is to turn it 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 so popular that it can be sold in different locations, by other business owners? Think of successful franchises – ones you know locally and those that are globally dominant, like McDonalds – and ask yourself if your business has what it takes to follow in their footsteps.

Tip

You can hire a franchise consultant to help set your business up for franchising.



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.

This is a big step but if you can justify demand shifting to a franchise business model can generate serious growth.

Voyage Resource

Video - Finding new business models to grow

Find out which business model best suits your business in this 2-minute video in the [Videos section](#) on voyage.harborone.com



Step 5 Grow by updating your business model

Can you grow by offering 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? For example, if you are a retailer that relies on having a great location, then could you also sell on the internet? That would open up a direct channel to the public so they do not have to visit you and they can order at any time.

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

Each of these methods (direct, wholesale, agents, internet, trade shows) is a potential way to get what you do out to a wider market.

Make sure any new business model is substantial (creates more revenue than an older way of doing business) and sustainable (creates more long-term revenue than an older business model).

Tip

Be careful not to create conflict within your channels of distribution. Very few businesses sell via every channel – choose the channels that promise the most growth.

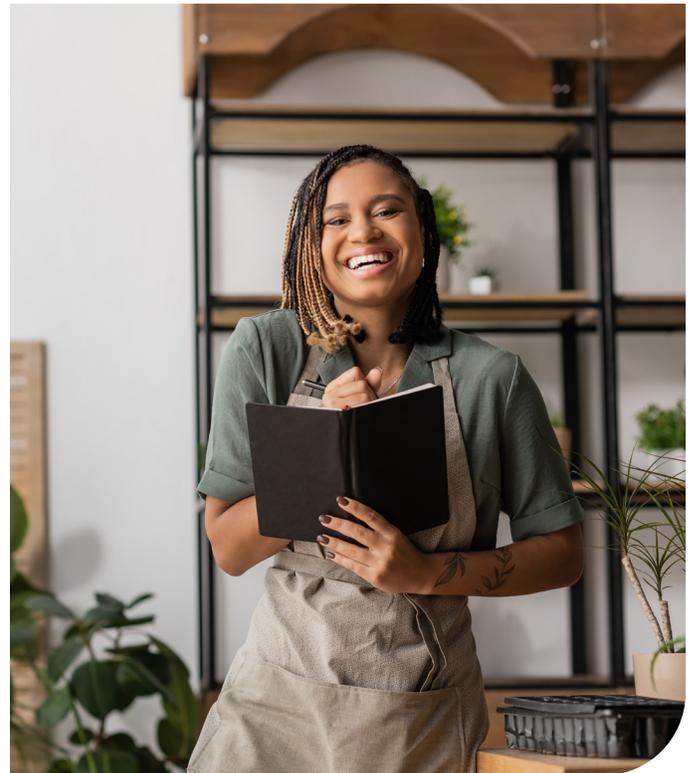


Research the competition for business model ideas

Spend time on researching the competition (the internet and trade directories are a good place to start). They are unlikely to sit quietly and watch you enter their space, so be prepared for a reaction.

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. Do things like 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.

For some unique insights, learn what you can about suppliers to your competitors as well. For example, some savvy stock market investors make their money by investing in suppliers about to do more business with Google.



Step 6 Grow staff expertise and management

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.

Good leadership is inclusive

You need the help of others to grow your business and you may need to learn how to delegate. Surround yourself with the right people for the job you need done, train them well and provide them with the tools they need to do the job.



Voyage Resources

You'll find guides on finding the right employee and improving employee productivity in the [Growth section](#) on voyage.harborone.com



Run in-house seminars on new technologies

If you've installed new software that your staff will need to use on a day-to-day basis, make sure they're up to speed by training them. You might want to get a specialist on the new software to conduct the training or, if you're an expert, you can do it yourself. This applies to any new technology you're introducing to your business.

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 program both for you and your key staff.
- Find a mentor with experience in larger businesses with whom you can share your business challenges.
- Read books about great business leaders (leaders are readers).
- Learn to speak in public: it will develop your communication skills and help you to be seen as a leader.
- Form a board of advisors for advice and guidance.
- Ultimately trust your instinct and be decisive.



Step 7 Grow your cash reserves

You'll need money to grow your business – lots of it. Explore your options to get the money you need to fund expansion.

Free up internal cash

What you're looking to do here is avoid seeking a loan or outside investment. Reduce the amount of withdrawals you're making or consider leasing equipment only 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 to decide if you need 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.

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 offerings to provide capital.

Tip

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



Angel investors or venture capital

If you can get investors on board, you can take advantage of their expertise as well as use their money 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.

Reduce expenses

Review all your costs to spot areas where 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.

Voyage Resources

You'll find guides on managing your cash in the [Improving cash flow section](#) on voyage.harborone.com



HarborOne can help

We have a range of account options to help you reach your savings goals. Find out more on our [Deposit Solutions](#) page.



Step 8 Grow your IP assets

Your intellectual property (IP) could be put to work to help grow your business. IP comes in different forms, including copyrights, trademarks, patents, industrial designs and trade secrets.

For example, you may hold a patent on a particular product. Rather than try to manufacture and distribute the product yourself (which can be a costly process), you could license rights to the patented product out to established manufacturers.

Similarly, if you run a service business, you may hold the copyright on proprietary material such as a white paper. Turning that material into an e-book and selling it online is one way to grow your revenue. Or you could sell rights to your material to a third party.

Focusing on developing new IP could be part of your business model update. Create more and more IP and sell customers access to it.

Maintain your competitive edge by conducting regular R&D

Successful businesses don't rest on their laurels. You should always be on the lookout for ways to add to or improve your product or service, which is where continuous research and development (R&D) is important. And remember, always protect your IP if you do come up with something new.

Tip

Before you go to market, engage an IP lawyer to help you protect these assets.



Voyage Resources

You'll find guides on protecting your IP in the [Managing section](#) on voyage.harborone.com



Step 9 Grow online

Make use of the internet

Do you have a website and are you making the most of the Internet? It's another important distribution channel for your business that can connect you to a much wider market. The internet also offers you many ways to speed up business and lower your costs; these two results will help increase the competitiveness of your business.

Look for opportunities to add to your sales growth by identifying how you can change what you sell through the internet.

You could also have products that can be sold online as well as in a physical location. It's worth investigating how you could add an online store to your website.

Voyage Resources

You'll find guides on doing business online in the [Growth section](#) on voyage.harborone.com



Step 10 Grow by exporting

Expand into foreign markets

Growth by expanding into overseas markets can mean bigger profits and bigger risks. Successful exporting doesn't happen by accident — it needs careful planning and commitment.

If your product is doing well locally, it's a good idea to determine if there's a demand for it overseas. Exporting is a great way to maximize your profits and bring in new customers.



HarborOne can help

Need finance for your export drive? Check out the cost of repayments with our [online calculator](#).



Are you ready to export?

Understanding and preparing for the risks associated with exporting before you get started can be crucial. These risks can include foreign exchange, political, shipping and legal issues. Integrating risks into your business or export plan can help you mitigate them.

Follow the steps to successful exporting

Can you identify a new market that offers growth in an area, region or country that you have never entered before? If so, weigh up the cost of entering a new market (especially if this is an export market) with the returns. First determine potential market size and then test market your product or service before you go ahead.

Growing in a new market offers possibly the most potential for growth as you may be able to take your successful business model and duplicate it in another area. This is why franchises can do so well; if you've established that your business model appeals to a certain market type (consumer or business) then all you need to do is find more of this market type somewhere else. To increase your chance of success in a new market you should:

- Conduct an extensive financial analysis to ensure the move is viable.
- Use your existing business information such as demand compared to population to assess the potential.
- Spend time researching the competition.
- Investigate lowering the risk (but also the margin) by partnering or creating alliances with existing businesses/distributors in the new area first.
- Talk to other business owners who have already entered your targeted markets and ask them what to watch out for.

A new market can also be a new customer type you have never targeted before. If you sell to teenagers then could you also sell to the 40-to-55-year-old market? If you sell to the education sector then could you target similar organizations in health or government sectors? Map out a number of new targets and prioritize them in order of potential. Then see if you need to alter any marketing messages and set up a campaign to gain them as customers.

Step 11 Grow by buying another business

Often growth can be achieved through the purchase of other businesses. Acquisitions are usually:

- A similar type of business. In effect, you are buying market share and the business you buy could be a competitor in the same market or a similar business in a new market
- A key supplier, to guarantee raw materials, exclusive supply or to reduce your costs.
- A key customer to guarantee the sales channel and take advantage of new business models that you have identified.
- A complementary business to form a strategic partnership that will be more competitive and able to enter new markets.
- A different business altogether in a market you are looking to diversify into.

Take care that you either use existing cash or the new business has enough cash flow to assist the financing of the purchase cost. Also seek professional advice and talk to your banker to discuss the wider implications of buying another business. One of the most difficult aspects you will face is focusing on two businesses at once. Once you have more than one business both will make demands on your time, so delegation, time management and prioritization become critical.

Checklist for buying a business

If you do decide to invest in another business, then consider the following:

Check all legal and accounting disputes have been resolved

- Make sure any legal or tax issues are settled. You'll want a problem-free business.
- Have leases formalized in a way that's acceptable to you.

Assess the financials

- Be certain that the accounts are in order and accurately show the business's value and give a true presentation of profits. You'll want the accounts to show a well-run business.
- Double-check to make sure the seller has included all the information you need to decide.
- Get access to the last three years of financial records, particularly sales and profit figures, so you can examine business performance. You'll also want to know if the business is turning over stock quickly and showing future profitability.

Highlight any unusual items

- Investigate any unusual items such as discontinued operations (like recently shutting down a unit) or a change in accounting principles so everything is out in the open. Make sure your accountant reviews any unusual items on the books for the seller to explain.

Reduce the risk of buying

- Speak with the staff about your purchase plans and find out if the owner intends to release all the current staff, and if not, seek advice to handle this aspect.
- Discuss the purchase and transitional period with your key staff members in your current business. They will likely be contributing to the future success of the new purchase.
- Your professional advisors are critical before, after and during the purchase of a new business. Make sure you've got the right lawyer and accountant on board who can give you the right advice at the right times.
- Prepare confidentiality agreements. News that you are thinking of buying another business could lead to negative reactions from their customers, suppliers, creditors or staff. If competitors find out, they could react by trying to steal your staff or customers.
- Speak with your accountant about how to structure the purchase.

Make sure the value of the business is being retained

- Consolidate any contracts with long-term customers. Customers are the lifeblood of most businesses, so secure any long-term contracts with regular customers after the sale.
- Firm up any supplier or distributor agreements. Document any favorable terms with their supplier(s) so you can lock them in for your future benefit.
- Don't buy any redundant assets. Depending on the condition or age of certain assets, you may not need to pay for old or obsolete assets and inventory if you don't want them.
- Do a quick review of the expenses to see what can be tightened up. Speak with your accountant, lawyer, broker, banker and other advisors to form a plan.
- Identify any intellectual property rights that you will inherit: the name or logo as a trademark, a patent on a new product or process, or any trade secrets.
- Document copies of licenses or permits that the business needs licenses to operate legally.

Sources of capital to support your growth

Every growth plan will require resources. Yes, some businesses grow organically and over time they just get bigger and bigger. But if you are reading this then we assume you are looking for fast growth and that will take time, money and focus—with money often being the stumbling block.

Never underestimate how much it will cost to get your growth plans underway. You want to make sure you have enough reserves to implement your growth strategy successfully.

The most common sources of capital for small businesses are:

- **Your own business.** Cash reserves in the business that you have earmarked for growth.
- **Your own cash.** Money that you have personally saved or any equity you have such as in property you could unlock.
- **Friends and family.** Often a source of finance that comes with risks to the relationships if things don't go according to plan.
- **Loans of various types.**

Do you know where to obtain additional finance for growth?

Obtaining finance is often a crucial step in business growth. An up-to-date business plan supporting your new goals will also ensure you're well-prepared when seeking finance. Sources of business finance include:

- Loans from a bank or other type of financial institution.
- Savings. Sourcing your own funds.
- Angel investors. Private investors that finance or mentor growing businesses.
- Venture capitalists. May invest their time and money by becoming your business partner and may provide mentoring and advice to help you research and develop new ideas or products.
- Share ownership or equity. A private part-ownership arrangement that shares the business profits with these investors. Similar schemes exist with employees to encourage increased productivity.
- Floating on the stock exchange. Companies can sell shares publicly on the stock market to raise money. Shareholders receive dividends or payments in return for ownership.
- Government funding. National and local governments offer funding and incentive schemes for various activities such as research and development, innovation and exporting.

Equity investment

Another option for capital is selling equity or ownership in your business in return for the cash to help you grow.

The most common sources of equity finance are:

- Angel investors. High net worth individuals who have funds to invest and are interested in your sector. They usually live in your area and are active investors who want to see their region grow and get a good return on their funds.
- Venture capitalists. Private companies that have a portfolio of businesses that they invest in if they see high growth potential. They are seldom interested in smaller deals.
- Corporate investors. Often large businesses have funds to buy into smaller businesses if the industry sector is complementary and they see potential for your business beyond the current customer/supplier relationship.
- A stock market listing. A possible option to look forward to when you have successfully grown your business past a certain size.

If you do decide to accept equity finance, remember that often it is not the cash that makes the difference. Ask the investor what skills, contacts, knowledge, experience and assistance they can bring to your business over and above the money. Get expert advice from your lawyer, banker and accountant.

Plan for additional financing

When it comes to increasing capacity for scalable business growth, you'll almost always need additional financing. Even if your business is enjoying a healthy cash flow, you should still consider financing options for expansion. In general, a \$5 million business doesn't grow to be a \$50 million business by just using what cash they have on hand. Shop around for your options and weigh the advantages and disadvantages of each.

HarborOne can help

Discuss your finance needs openly with your banker. The more you share, the better your banker will be able to help you.



How to develop your growth opportunity

Making the decision to grow your business is one thing. Deciding on a specific course of action and – then successfully implementing it – it is quite another. As a business owner, you need to spend some time researching the best course of action. Avoid pursuing one strategy without careful consideration.

Don't try and develop the final strategy on your own. Consider the following before you decide:

- Meet with key staff, business advisors or board members to brainstorm growth ideas.
- Research similar businesses to yours to see if they offer different products or target different markets.
- Subscribe to trade journals and magazines to spot trends and new technology.
- Visit international trade shows and conferences to see first-hand what other businesses are doing.

Set growth targets

It's important to set goals for your growth. The more specific the targets, the better placed you'll be to measure them. For instance, "We're aiming for 15% growth in our consumables section within the next 90 days" is better than "We're aiming for significant growth in the next quarter".

Seek advice

If you find your business has slowed down or is faltering, it's time to seek advice about possible growth strategies. Some sources include:

- Obtaining advice from your trusted advisors: your lawyer, accountant, banker or mentor.
- Getting market research feedback from your customers, your suppliers and other stakeholders.
- Speaking to other business people at business network meetings.
- Meeting regularly with your business advisors and mentors.
- Make sure you are regularly getting up-to-date information on your industry, research and development breakthroughs and particularly on what your competitors are doing.

Growth chart

Use this handy chart to analyze different growth strategies.

Method	Advantages	Disadvantages
Develop what you already have		
Find new customers		
Add new products or services		
Explore new markets		
Find new distribution channels		
Change your business model		
Buy other businesses		

Summary

Issues to watch

Growth, especially rapid growth, can bring with it a number of challenges. For instance, you could run out of working capital, experience a cash-flow crisis or see your profits eroded by unexpected costs. Here are some of the traps and issues to consider:

- Businesses can fail through over-trading (being undercapitalized or doing too much business too quickly and therefore extending the business beyond its working capital).
- Beware of trading for turnover at the expense of profits. Your aim should be to increase your net profit, rather than concentrate on increasing turnover. This means making sure your goods and services are correctly costed and priced and that you are keeping a watchful eye on costs and overheads that could erode profits.
- It's important to grow within your own capabilities, the capacity of your staff and your suppliers.

If you do commit to a growth strategy, be sure to include a plan to sell more products or services to existing customers because it's an easy place to begin to generate more cash.

And give your growth strategy sufficient time. Any changes in your business should be gradual as you transition from one customer, market or business model to the next.

Finally, if you are committed to growth, it helps to understand the implications of:

- Capability.
- Capacity.
- Finance and sources of capital.
- Leadership.

Stay focused and gather enough resources to see your growth phase through to completion. With some careful research, proper planning and sound advice, you can confidently move ahead to achieve the growth your business deserves.

Tip

Not all business is good business. For instance, reliance on one major customer or client can be perilous. It is better to spread the risk of business among many smaller accounts.



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