

DEALING WITH THE PRESSURES OF GROWTH

Prepare your business for the next stage of growth



ALL GROWTH IS GOOD, OR IS IT?

The goal of most businesses is to grow. Growth is exciting. Growth implies success. More sales, more customers, more staff, more profit. But the reality can feel very different.

For many business owners, the pressures can be immense. At times, even the terms we use to describe growth contribute to the gloom. In the midst of a growth phase, we're busy attacking problems, facing issues, managing change. It can seem a far cry from the exciting, early stages of a new business, when ideas take hold, your first customers arrive and the business model proves its worth.

However, the success of any business depends on its ability to grow sustainably over time. Learning how to deal with the pressures of growth is all part of building a business.

Of course, there are alternatives. Slow down. Stagnate. Stay small. Hope the business will stabilise. Shy away from opportunities. But the flip side – finding a way to successfully navigate these inherent issues and problems – can be the most rewarding part of the growth process.

In this ebook, we'll explore some of the common issues SMEs face during a growth stage; and offer some practical advice for how to work through them. Issues like how to approach business planning, how to prepare for change and where to go for further support and advice. Our goal is to help you face challenges with confidence and clarity – giving you space to focus on the next exciting stage for your business.

Ultimately the aim is to stay confident and ambitious while dealing with the pressures of growth.

UNDERSTANDING WHERE YOU'RE HEADED

With all the pressures associated with growth, it's important to take stock. Understanding where you're at in the evolution of your business can be just as important as where you're headed next.

So, what does it mean to have reached this stage?

It means your business model is promising and you've achieved a degree of self-sufficiency; but you've likely outgrown your initial set up. It also means that it's probably time to expand your controls and systems for managing the business – which means getting ready for new people, new skills and new approaches to come on board.

TAKING STOCK: MOVING THROUGH THE STAGES OF GROWTH

WHERE ARE YOU NOW	WHERE YOU'RE HEADED
<ul style="list-style-type: none"> • Over-dependency on founding team • Constrained by initial systems – IT, communications, reporting • Emphasis on sales and customer satisfaction • Business is responsive and flexible; but lacking adequate analysis and planning • Flat business structure • Loyal staff; but skill gaps are showing up • Administration overload • No contingency planning • Not robust enough to survive a major change 	<ul style="list-style-type: none"> • Established controls and systems for managing the business • New people, approaches and disciplines come on board • Defined business strategy, with regular reviews • Effective management structure • Flexible, scalable IT systems • Appropriate performance indicators; training and education for new staff • Prepared for business to continue to evolve and grow • Succession planning and exit strategy clearly defined

GROWTH ALSO MEANS GROWING UP

Getting bigger and more successful often results in a struggle between business imperatives pulling you in different directions. The three main forces often in conflict for businesses are growth, cash flow and control.

A business that doesn't generate cash will not succeed; but sustained growth will chew through cash. There's a similar tension between growth and control.

To grow a business, you need to be creative, flexible and open to calculated risks. Hold on too tight and you'll stifle creativity. Not tight enough and you'll lose direction, focus and money in the process.

Effective business planning is an essential step in managing these forces. It's also key to sustainable growth.

An expert adviser can help work through steps to create a business plan that is flexible enough to adapt to changes in the business; but provides the required rigour around compliance and governance issues – including financial reporting requirements, tax and financial planning.

Giving yourself the best chance to succeed in chosen markets requires effective business planning.



While there's no magic formula, businesses that grow successfully are proactive at answering questions like:

- ▶ Do you understand the nature of your cash cycle?
- ▶ Is the business meeting its financial targets?
- ▶ Where are your gaps – e.g. in people, skills and systems?
- ▶ Does the business have the right debt and/or equity strategy?
- ▶ Is the business structure sufficient to manage risk?
- ▶ What could you do to be more tax efficient?

BUILDING A SOLID BASE TO GROW FROM

A substantial, growing business needs an effective structure and systems to support it.

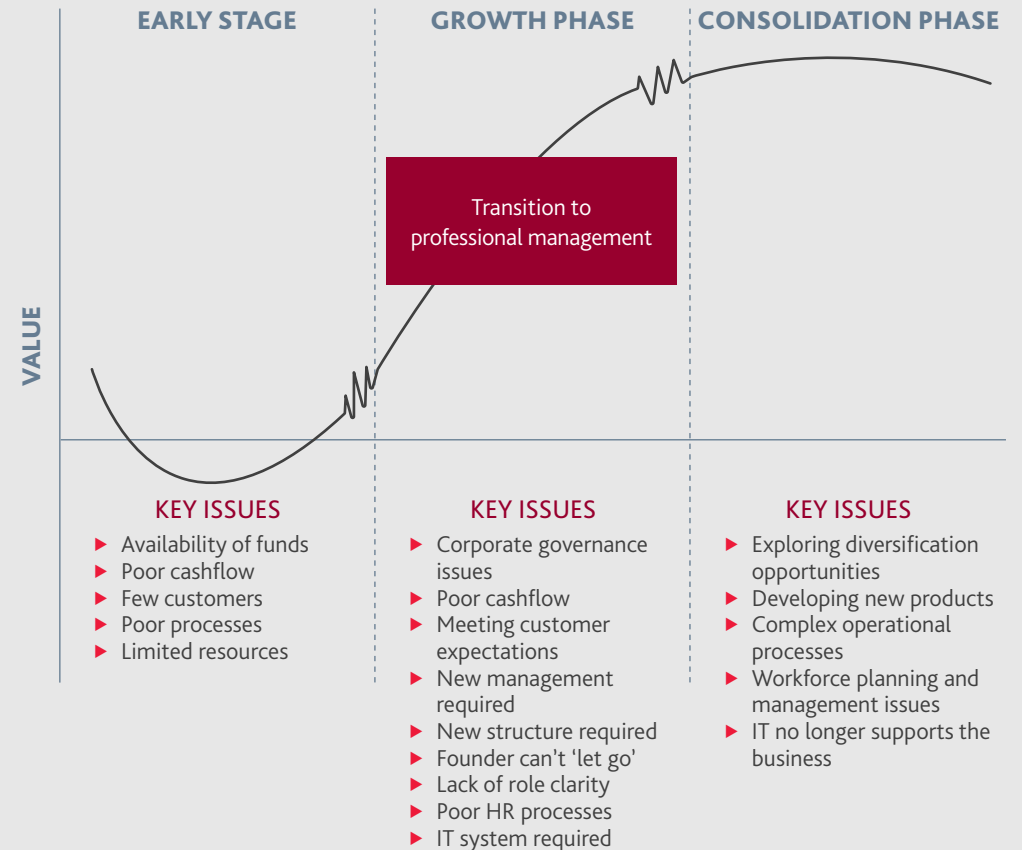
Which functions need to be added or expanded? Who do you need to bring in to make it happen? Where do you need to focus your key people? These are all critical questions for growth – and the answers are likely to change just as quickly as you continue to grow.

When you're in the thick of it (busy dealing with the day-to-day complications of running a growing business) these issues can feel more like a crisis than an opportunity without adequate planning and support.

Working through a plan with a qualified adviser can help you prepare for some of the known challenges that often affect business in a similar stage of growth. Your adviser can guide you through the change process and advise on business systems and functions that will make the transition easier.

What seems like a crisis becomes an opportunity with the right planning, people and systems to support your stage of growth.

GROWING PAINS OR JUST GROWTH? TURNING CRISIS INTO OPPORTUNITY



GETTING THE BALANCE RIGHT

A significant part of growth planning and decision making involves deciding which roles and functions should stay within the business. This often means weighing up whether to hire extra staff or invest in new systems, or if these areas would be better outsourced.

Outsourcing can be a way to access specialised skills and systems on either a short or long term basis, allowing you to focus on the overall business.

Whether you should outsource – and even what to outsource – will vary from business to business and owner to owner.

For example, some businesses find that managing their accounting requirements is a huge burden. Compliance work is typically time consuming and repetitive, and owners have better things to do with their time.

Others find it difficult to understand and act on the type of insights available (e.g. sales and financial data) from the latest cloud accounting solutions without specialist support.

Outsourced solutions can be an important step toward advancing the compliance, efficiency and cost structure of business.

Tips for choosing an outsourcing provider:

- Develop excellent lines of communication
- Have a clear understanding of deliverables and timeframes
- Maintain relationships built on trust and reliability

COULD YOU DO WITH SOME SUPPORT?

BDO OUTSOURCED SOLUTIONS	BENEFITS
Cloud accounting	<ul style="list-style-type: none"> • Access real time data and business insights • Apply intelligence effectively to maximise opportunities • Keep up to date with the latest technology
Bookkeeping	<ul style="list-style-type: none"> • Reduce time and costs of routine clerical or accounting processes • Improve the efficiency of the year-end compliance process • Ensure accurate data at year end
Treasury	<ul style="list-style-type: none"> • Access reliable real time information on business liquidity • Manage risk and cash flow
Finance	<ul style="list-style-type: none"> • Integrate and standardise your accounting processes • Prepare management reports • Comply with statutory obligations and best practice governance
Tax	<ul style="list-style-type: none"> • Ensure effective tax planning • Prepare tax and GST returns
Payroll	<ul style="list-style-type: none"> • Calculate payroll, manage leave and expense claims • Maintain accurate payroll records and information • Manage payments and reconciliations
Human resources	<ul style="list-style-type: none"> • Manage recruitment, salary packaging and remuneration • Advise on employee relations issues

BDODrive: A better way of doing business

Building a business isn't easy; but we can make it easier.

BDODrive offers businesses an easier way to access the information, intelligence and insights you need to thrive.

Whatever your stage of growth, we can help you manage any issues that arise and give you the time, tools and confidence to make decisions about your future.

At BDO, we're in the business of helping people. Our team is committed to building relationships and delivering what you need.

Get in touch today to see where **BDO**Drive could take you.



*“**BDO**DRIVE’S BUSINESS REVIEW PROGRAM HAS PROVIDED CLARITY AROUND OUR FUTURE. WE ARE NOW GROWING AND LOOKING AHEAD WITH CONFIDENCE.”*

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