

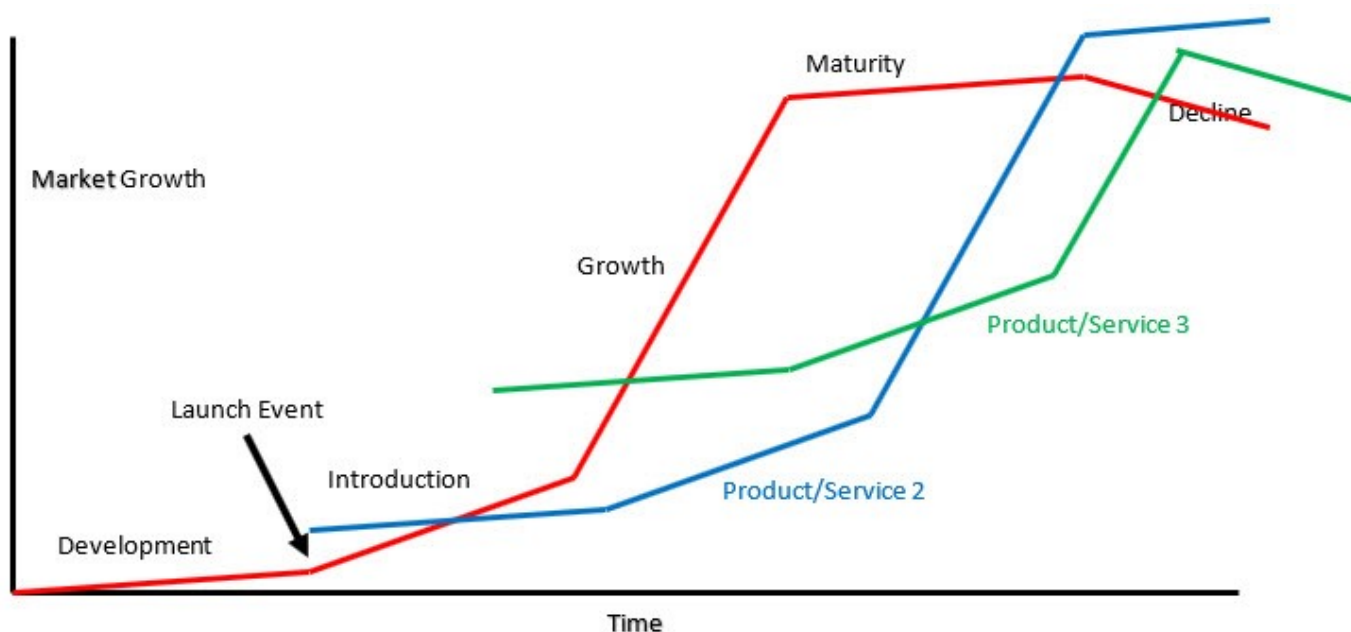
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STEP 32 - Managing Growth

As your business grows you will have some decisions and choices to make. Of course, it all depends where you're starting from - a true 'Personal' business where it's 'just you' or a larger entity where there are people working with you.

For the purposes of this Step we're going to assume that it is 'just you' or you and one business partner only.

It's not been mentioned before but every business, product, service and even market has a 'life cycle' and they all look like this:



As you can see you can introduce additional products or services to the overall business life cycle at any time which generally has the effect of growing and extending it.

Remember though that markets and products or services will grow at different rates and unless you have only one offering it's difficult to predict overall business growth.

In the previous Step you've reviewed your decisions from Step 2 and created a larger vision of where you see your Business going.

In this final Step you'll create your Development Plan to achieve that vision.

First restate your key parameters for this Business:

State your business growth intention

- I intend to operate this business to the limit of the time I have available such that any passive or time-based income I receive depends entirely on my efforts and fulfils my passion**

OR

- I intend to grow the business in all appropriate ways such that I will receive a passive income in perpetuity that does not depend in the long term on my efforts and personal contribution although I will continue to participate in working on and in the business to the extent to which it fulfils my passion

And

I intend to continue operating this business entirely by myself (or with one other person) for the foreseeable future until I decide to ‘end’ the business

Yes / No

If ‘No’

I intend to continue working IN the business carrying out all the key operations until

I intend to stop running the business, but continue working ON it to continue its growth by

I intend to exit or retire from the business and just take an income from it by

The intentions you’ve stated above will determine the course you take with your business from now on.

Remember that if the income becomes entirely dependent on your time and effort, in other words you only get paid when you carry out time-based operations such as coaching, therapy, speaking, training and so on it will be a self-employment, rather than a business situation even if it is constituted at a formal ‘business’.

There are a number of potential Growth Plans that you can ‘fit’ to your intentions. There are also a number of pitfalls that can result in your business losing its essential character and becoming less and less about ‘you’ and more a ‘faceless’ entity.

The Magic Formula

Generally, to grow the business you have to grow the market - but there is a ‘magic’ formula that you can use.

Consider a business where you provide 50 service events to 50 clients over a year at £200 each.

Your income will be $50 \times 50 \times 200 = £500,000$

Increase this by just 5% - 55 services to 55 clients at £210 = £635,250

That’s a very respectable 27% growth rate!

So what you do to grow the business is to increase the number of clients, and the number and frequency of purchases by your clients.

Experiment with these numbers for your current offering

	Product Service	Price	No. Purchased	No. of Clients	Income
Now					
Future 2					
% Increase					

Product/Service diversification

To increase the number of product/service events one way to achieve this is by having more than one product or service and there are two main ways to achieve this.

- You can create or invent additional products or services
- You can differentiate the products or services within themselves

The first option is straightforward and speaks for itself, the more benefits you can offer in different ways the greater opportunity you have to increase the number and frequency of purchases to a larger market - but don't think that just by having more things on offer the growth will occur automatically - you have to change your marketing as well!

Differentiation can be tackled in two ways, preferably both.

- You can create variants of your offers
- You can create a sequence of offers for purchasers

Can you create different versions of what you provide? For example, a 'standard', 'premium' and 'de-luxe' offer?

Yes / No

Can you create sequential versions of your product or service? - for example 'introductory'. 'intermediate', 'advanced'?

Yes / No

If the answer to either of these is 'No' think again!

The difference between these two scenarios is that in the first a purchaser can take any of the levels at any time, the 'higher' levels giving additional benefits, but in the second the purchaser would progress from one level to another as they might if you were offering training programmes.

An example of the latter would be that you yourself might have purchased and completed the Business Vision Workbook and had further coaching before going on to this level.

Essentially the more products and services you have available the more purchases people are able to make.

Pricing

Many people starting a Personal Business have concerns about the prices they charge. Many personal business types are riddled with what I call ‘minimum wage pricing’ where business owners put in a lot of time and effort creating their product or service but then only charge a price that results in their income per hour invested in creating the offer, running the business and delivering the offer, resembling the minimum legal wage, about £10 per hour overall.

You must take into account the costs of developing and creating whatever it is you have to offer, not just the time taken to deliver it.

Revisit Step 14 and look again at your marketing mix

Have you set the ‘right’ prices for your offering?

Yes / No

If the answer is no review your pricing policy taking into account all the work you have done so far in creating your business

It’s curious but many people in Personal Businesses have found that it’s not by lowering their prices but by **raising** them that they find more purchasers and their market and income grow very satisfactorily.

Growing your Market

This has been covered in some detail in Step 30 at the beginning of this Workbook, but you may want to revisit that in the light of what we’ve just covered here,

Your Future Development Plan

At this stage this is just a set of ideas largely based on guesswork. As time goes on you can update it and make the ideas and data more robust.

This template covers the next 10 years, you can extend it or reduce it as you wish.

Look at your business from different aspects in 1, 3, 5, 7 and 10 years time.

What markets do you expect or plan to be serving? You have at least one clear target market which may be subdivided, you can be less clear about future target markets.

For example, you may now be targeting market niche A but would like to expand into market B and C.

Describe your target markets and sub markets giving their approximate accessible size in thousands

Ref	Target Market	Size	Sub Market	Size
A				

A1			
A2			
A3			
B			
B1			
B2			
B3			
C			
C1			
C2			
C3			

Etc. - use continuation sheet if required

In each year, which of these market segments will be operational?

Year	Target Segments
1	
3	
5	
7	
10	

What offerings do you, or will you have for each of these markets?

Describe your products and or services and their variants that you intend to bring to market together with the price per unit

Ref	Product/Service	Price	Variant	Price
1				
1A				

1B				
1C				
2				
2A				
2B				
2C				
3				
3A				
3B				
3C				

Etc. - use continuation sheet if required

Which offerings match which markets?

Complete the matrix - place an X where markets and offerings match

	A	A1	A2	A3	B	B1	B2	B3	C	C1	C2	C3
1												
1A												
1B												
1C												
2												
2A												
2B												
2C												
3												
3A												
3B												
3C												

Next, for each of the matching boxes above (referenced for example B1/2A), how many do you expect to be purchased, what is the expected turnover and what stage of growth will the offering be in?

(Development-Introduction-Growth-Maturity-Withdrawal : DIGMW)

Fill out the market/offer matrix with your expected results (expand as necessary)

Year	Market/Offer	Units purchased	Gross Income	Growth stage
1				
3				
3				
7				
10				

Now, considering the volume of activity you are anticipating make an estimate of how much you will need to grow your company size and how. Also state whether the various people involved, including yourself as owner will be engaged full or part time.

Enter 'Full', 'Part' or 'None'. 'Others' are people who supply services or products to your business on a regular basis but are not sub-contractors or 'occasional' suppliers - they have a definite relationship with your business and are an important element in your operation but are not 'contracted'.

Complete your anticipated company/business structure grid

Year	Owner	Employees	Sub-Contractors	Other
1				
3				
5				
7				
10				

Finally anticipate your financials based on the estimates you have made in this Step.

Complete the table showing your gross turnover, gross costs, gross profit, income drawn and retained earnings for future investment in the business. Don't take tax into account here, this is just a gross overview.

Year	Turnover	Costs	Profit	Drawings	Retained
1					
3					
5					
7					
10					

Update this information on a regular basis, at the very least once every 6 months. It will change, if it doesn't there's something wrong!

You can also use this information to update your formal business plan from time to time.

It's now time for your final STRATEGY SESSION!

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