



SMALL BUSINESS STARTUP

Growing Your Business

Starting your own business is hard. But growing your business can be even harder—you need to work constantly to improve your business and stave off risk. The best way to protect against future threats to your business is to make it as successful as possible.

The following eight tips will help encourage business growth. Many businesses think of 'growth' only as increased sales, but it is much more than that. Growth means increased resiliency, profitability and adaptability. Read on to find ways you can improve and grow your small business.

1. Plan for Growth

Once your business becomes profitable, you need to start planning immediately for future growth to ensure continued profitability. Consider taking the following actions as part of your plan.

- Research ways to increase sales from existing and new customers.
- Improve your products and services by testing changes with your customers.
- Develop new products and services, and breach new markets.
- Hire new employees and implement training programmes for new and existing employees.
- Look for extra sources of funding, such as additional investors.
- Consider selling your products and services online.
- Work with a business mentor who can help you draft a plan for the future.

Fostering Business Growth

Though not exhaustive, the list in this article provides tips that can help your business to grow and prosper. Use it as a guide to create a bespoke growth plan.

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2. Get Extra Funding

Growing your business usually means you need to invest more in it. You can do this in the following ways:

- Investing previous profits back into your business
- Taking out a loan
- Selling shares to outside investors
- Looking for other sources of funding, including government-backed schemes

Consult a professional advisor, such as an accountant, before investing any money to ensure it makes financial sense. New investment from an outside source could potentially change the entire leadership structure of your business; seek legal advice to ensure you do not lose control of your business.

Taking out a Loan

If you decide to take out a loan, make sure your business can repay the entire borrowed amount and any accrued interest. Repayments are often scheduled for several years in advance, so be confident in your ability to make payments. You may need to provide collateral such as your house or car if you cannot repay the loan.

Selling Shares

If you decide to sell shares in your business, you will need to provide potential lenders or investors with a financial model showing how their extra money will impact the business and provide a return on investment. Focus on how an injection of cash can positively affect sales and profitability in the long term.

3. Increase Sales to Existing Customers

The easiest way to increase sales is to sell more products and services to existing customers. This involves persuading one-off customers to become repeat customers, winning back former customers and selling more of the same products and services to regular customers. Keeping a record of your customers and what they bought will help you track their spending habits and strategically target those most likely to buy more. Concentrating on these customers is often cheaper and more effective than attempting to attract potential new customers.

Reviewing Your Prices

Periodically reviewing and adjusting your prices against the competition is a smart way to boost sales, but be sure to anticipate any effects of price changes. Sometimes offering a discount can jolt sales figures but reduce overall profitability, while raising prices can slow sales but increase profitability. Understanding the cost structure of your business can help you decide what will be most beneficial.

4. Attract New Customers

One of the fastest and most effective ways to attract new customers is to increase your business' local presence. You can do this by asking customers to recommend you to family and friends, advertising in local media and using online and other forms of marketing. Consider interviewing potential customers to uncover strategies for leading them away from the competition and towards your product or service. You could also find new customers by exporting to other countries. UK Trade and Investment offers guidance on selling in foreign markets at www.ukti.gov.uk.

5. Improve Your Products and Services

You can also grow your business by improving your products and services. Ask your customers about their experience: what are they buying from you, and what do they value most about the product or service? What could you do to make the product or service more valuable to them? What would encourage them to buy more? Implement changes based on customer feedback. It may be helpful to test prototypes with existing customers to ensure any changes you make are aligned with customer feedback. Remember that any modifications should yield enough future profits to validate the time you spent on improvement.

6. Develop New Products and Services

Developing new products or services enables you to sell more to existing customers, spread fixed costs like premises or payroll across a range of products and diversify the products you offer so you are less vulnerable in the market. It will help to test your new product or service with customers, because customer feedback is an invaluable resource to spot potential flaws or barriers to success. It will also help you determine whether there is a real demand for your new product or service and give you a chance to fix any problems before putting too much money into development. To successfully develop a new product or service:

- Talk to existing and potential customers about their needs.
- Develop a prototype as quickly and cheaply as possible.
- Test your prototype with customers and get feedback.
- Differentiate yourself from the competition.

If you develop something completely original, register it so nobody copies it without your permission. More information on intellectual property can be found at www.gov.uk/browse/business/intellectual-property.

7. Hire and Train Staff

A growing business needs more resources at its disposal to handle increased output. The easiest way to bolster your business is by hiring additional employees. Employing more people allows you to spread your workload, expand production and take advantage of new and different skill sets. More information on hiring employees can be found at www.gov.uk/employing-staff.

You can also grow your business if you capitalise on your existing employees by providing them with additional training. This can increase staff loyalty, productivity and company profits and help offset the cost of hiring new employees. You can find industry-specific training through the Business Event Finder at www.gov.uk/events-finder.

8. Work With a Mentor

Business mentors are exactly what you think they are. They leverage their skills, expertise and contacts to help develop your ideas for growth. You can find paid and free mentors through the '*mentorsme*' service at www.mentorsme.co.uk.

*This list is not exhaustive, but you can use it as a starting point to prepare your business for future growth and success. For more information on the risks your small business faces as it grows, contact the insurance professionals at **Crendon Insurance Brokers Ltd** today.*