



Business Development Ideas to Help You:

- ◀ **Make \$1,000,000 to \$5,000,000 Every Year**
- ◀ **Dominate a Market/Eliminate Competition**
- ◀ **Triple the Value of Your Business**



When Your Marketing Actually Works, How Do You Handle the Growth?

In this issue, let's talk about an issue you face when your marketing actually works for you. You start getting additional business. What a concept!

As wonderful as the additional cash flow, profits and enterprise value are that come with growth, however, you will face some challenges. Probably the most pressing one a small to medium sized company faces is: How do you find, hire and organize the people to handle the increased workload?

Rapid growth makes planning workloads and staffing issues difficult. How can you afford to do it? How can you do it *fast*? How can you do it flexibly so you can adjust to the likely ebbs and flows of business volume as you test and refine your marketing? How can you fulfill the promises of your marketing messages to your new and existing customers and take care of them. In other words, it's one thing to send compelling sales and marketing messages that people respond to, it's another to be able to actually handle the increased business. Here are some practical strategies.

Take a Little Longer Perspective to Make Millions

Think of growth as a process of building future profits and enterprise value...not in terms of harvesting increased profits in the short term. The private plane and the vacation home in the Caribbean can come in a couple of years when you can easily bonus out excess profits or when you sell the whole business for millions.

Sounds good in theory, but it takes discipline and it can be tough for entrepreneurs to defer the immediate gratification of taking new profits in the moment – especially when maybe they have had to cinch their belts in for the last three years. But you just flat have to do it. Here's how to organize your thinking and where to focus your attention:

Focus on maximizing Revenue and Gross Profit Margins...not on absolute Net Profits for the next 12-24 months. Yes, you have to remain profitable. We're not suggesting

bleeding red ink, but rather a deliberate and planned approach to re-investment of profits.

Focus on taking such good care of customers that they will stay customers.

Focus on the Lifetime Value of each new customer. It's not just about the revenue and profit from today's sale that matters. The total revenue and profit **over the life of the customer relationship** is what really matters.

Focus on building internal systems to handle growth *as a matter of the normal course of your business*. This is critical when its time to sell your company. When business buyers see a company that has not only grown, but which is organized to handle the continuing growth that is projected as a consequence of your strategic marketing plan, **they will pay top dollar for your company**. French Riviera here you come!

Focus your accounting staff on tracking the special and extraordinary expenses associated with your growth in special growth, reinvestment, and R&D categories in the appropriate sections of your financial statements. **DO NOT LET THESE EXPENSES GET LOST IN THE SHUFFLE**. If you do, your financial statements will not properly reflect the true quality of your company. If you keep track of the money you invested in growing and positioning the company for continuing expansion, you can get credit for this when its time to sell the company. If you don't keep track of it along the way, your power at the negotiating table will be severely degraded.

Focus on creativity and on designing a toolkit of flexible approaches to fulfilling customer requirements.

A Flexible Staffing Toolkit for Growing Companies

Growing companies need to build a system to manage the new business flooding in. Here are some suggestions to consider.

Consider Contingent Arrangements. In addition to hiring full-time and part-time employees, consider developing and solidifying alternative relationships with other businesses and people in **contingent** arrangements. These arrangements could include involvement with your company only when and to the extent you need them. They can also include contingent compensation arrangement with flexible "pay for results" strategies.

Consider Outsourcing. Your business growth can come from the outsourcing trend as companies, non-profit organizations, government agencies, and school distribute work to outside contractors such as your company. You can also benefit from this trend and use it to support your own needs to distribute work. As more small companies are formed to meet the exploding outsource trend, you can contract with them.

Consider In-sourcing. This is outsourcing with a spin. In-sourcing means some work gets done inside your organization by people who are actually employees of an outside company. This is transparent to your customers. Examples of this approach include staffing, training, service and maintenance, information technology, and logistical support. You can hold down your payroll, increase accountability, and still keep the work happening on your site.

Consider Re-sourcing. Find people to work for you on a contract basis as outside resources. These are self-employed contractors and they will invoice you for their services. They may work at your facility; they could work at your customer's location, or out of their own facility. You can contract with them for long-term or short-term projects. Consider working with interim executives, project managers, software programmers, and design engineers in this way.

Consider Temp-sourcing. With this approach you bring in individual contributors to help when you need them. These are temporary employees and they provide a flexible workforce. Staffing companies may provide them or you can develop your own relationships. Think of them as pinch hitters or like substitute teachers in your kids' classroom.

Consider a Relationship With a Great HR Consultant. A skilled HR consultant may be one of the best team members you can have as the head of your growing company. You'll probably not hire them as an employee, by the way, but work with them in one of the flexible ways described above. Contract with them to figure out how you can handle the staffing requirements to support your growth.

One thing you can count on – if you plan to grow quickly today and over the next few years and maximize the profitability and value of your company, you must develop an approach to flexible staffing. Be creative. The point of business is to figure out how to solve your customers problems and make a profit doing so.

The Discussion Is Academic Though, Unless You Grow...And That Takes Marketing

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This Value Building Strategy was brought to you by...

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