[ ALL ABOUT GROWTH ]

# The growth imperative

## Creating healthy, profitable and sustainable businesses.

BY **PHIL HARWOOD**

A recent study of more than 3,000 business owners and managers found growth was their No. 1 priority. This study was conducted by Pro-Motion Consulting in the fourth quarter of 2009. Not surprisingly, their other top priorities were closely related to growth: becoming more strategic, improving sales processes, fine-tuning marketing messages, etc. This focus on growth is not a new phenomenon, but it is more of an imperative for businesses that endured recent periods of slow or negative growth.

Businesses that are not growing often become obsolete and find it difficult to recover. They lose their best people. They stop investing in new technology and systems. They become inwardly-focused. They lose their way. This is a recipe for disaster.

So, you want to grow. This is easy to say, but what specifically does that mean? In what market segments will you grow your business? What initiatives are you taking to drive sales? What marketing support will your sales efforts have? What will these initiatives cost? Are these costs in your budget? Do you have a budget?

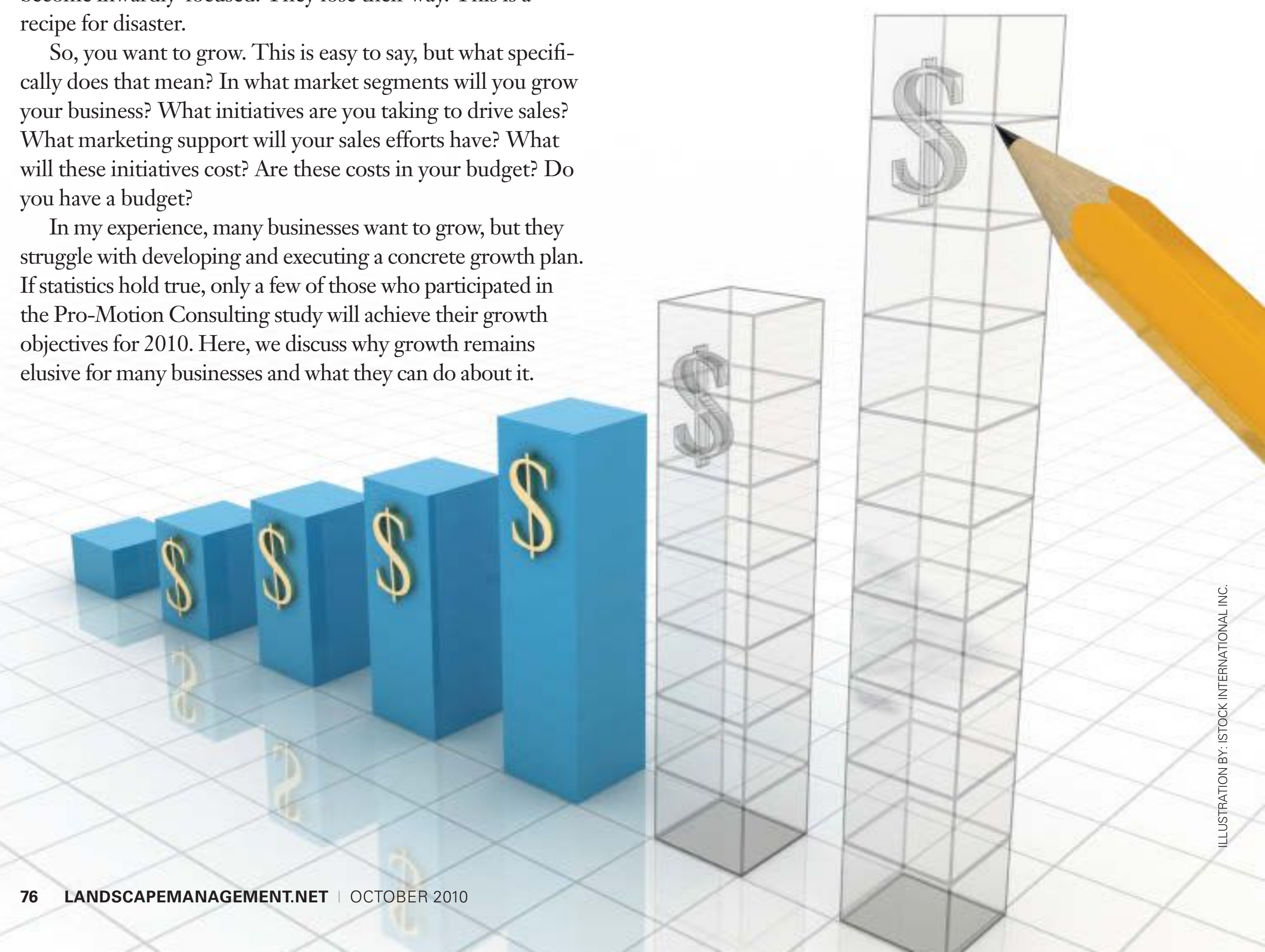
In my experience, many businesses want to grow, but they struggle with developing and executing a concrete growth plan. If statistics hold true, only a few of those who participated in the Pro-Motion Consulting study will achieve their growth objectives for 2010. Here, we discuss why growth remains elusive for many businesses and what they can do about it.

### 3 Key ingredients of growth

Growth involves moving your business in a certain direction — toward something and away from something else. It implies the existence of a goal or outcome related to this "something" in the future. This "something" is often called your "vision." Growth that moves you closer to your vision is good, and growth that moves you away from your vision is bad. Yes, there is good growth and bad growth.

You may or may not have a vision for your company, but I would venture to guess that most business owners desire to create a business that is healthy, profitable and sustainable. Let's take a closer look at each of these areas.

Successful businesses are healthy. Just as individuals are relatively healthy or unhealthy, so are business organizations.



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Poor organizational health is indicated by a lack of vision, poor leadership, weak culture, high employee dissatisfaction, high employee turnover, poor market positioning, lack of accountability and lack of teamwork.

Successful businesses are profitable. More precisely, they're consistently profitable, year after year. Strong financial planning systems must be in place to accomplish this. Consistent, long-term profitability is not a result of luck or hard work. It's a result of executing a strategic business plan and maintaining a strict financial management program.

Successful businesses are sustainable over the long-term. They have visionary leadership that takes into account the future of the organization, the world we live in and how the two are related. They not only have a five-year plan but a 20- to 30-year plan with a clear strategy for executing these plans. These businesses understand their roles in society, are willing to provide leadership in their areas of influence, and respect their stakeholders along the way.

## Systems make it happen

Most businesses don't have a system for growth. More specifically, they lack a strategic planning system. And most businesses that do have a strategic planning system struggle with the execution of it. It should be no surprise to us that most businesses fail to achieve their goals. An effective strategic planning system will not only include the development of a strategy but also the execution of it. I've found execution is the most difficult aspect of a strategic planning system and the area in which most firms fail.

One of the challenges for smaller (under $50 million in annual revenues) firms is the owners and managers are not interested in complicated and expensive strategic planning systems. Unlike larger firms, they have limited time and resources to devote to strategic planning. This is one of the primary reasons why many of these firms don't even attempt to implement formal strategic planning systems. Instead, they rely on their instincts and hope for the best.

However, I've found strategic planning systems don't need to be complicated or expensive. Instead, these systems need to be simple to understand, easy to implement, and they should include a way to monitor results. Business owners have a duty to seek out such solutions for the sake of themselves, their families and other stakeholders. No ship sets sail without a map. No plane takes off without a flight plan. No business should attempt to operate without a strategic plan.

Key ingredients of a strategic plan include: analysis of resources, capabilities, strengths, weaknesses, competitors, market dynamics, threats, and the identification of growth opportunities. Often times, there are more opportunities than resources, forcing the selection of only the best opportunities.

## Time to strategize

With the meltdown of the real estate sector and profit margin erosion in commercial maintenance services in many markets, many firms are looking to expand services. This is one viable alternative, since selling more things to existing customers is usually a solid growth strategy. At the same time, there is risk when considering expanding services, and this decision should not be made without thoughtful analysis and consideration.

Other firms are looking to reduce services, so they can focus more intently on their most profitable services or those they are most passionate about. When times are good, it's easy to begin dabbling in peripheral activities that only serve to distract a company from its core mission. Becoming an expert in a niche area is another valid growth strategy.

In other cases, firms are achieving growth by simply focusing on sales and marketing activities. They're staffing these areas with better people, committing more resources, talking with more prospects, proposing more work, and closing at a higher rate. To do this, they're investing in their people through sales training, improved systems, more marketing support and incentive compensation to drive results.

Regardless of the strategy, once the best opportunity has been identified, an implementation plan must be put into place, along with goals, accountabilities, metrics and scorecards to ensure effective execution. This is where the rubber meets the road.

The good news is now is the time. Most firms in the landscape or snow management industries find fall is the best time for strategic planning. The day-to-day demands of the business are at their lowest point of the year. Taking a day or two away from the business is possible. So there are no excuses for not having your strategic plan in place for 2011. Good luck. LM

**$ GROWTH GOALS** 1. Decide what you want to be and how you want to grow. **2. Build a growth strategy.** 3. Implement a strategic growth plan … NOW.

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