

Emma Thompson

What does it take to be a successful business?

You could say it is simple – think of an idea or product that nobody else is doing, develop your niche and sell to the market before your competitors develop ‘me too’ products. For other companies it has been luck – having the right product in the right place at the right time. But sustaining growth is much harder and I have found through interviewing top performing companies, it’s a combination of things depending upon where your business is in its lifecycle:

1. Having an eye on what’s happening in the sector to spot trends and opportunities in the market for new products, niches or ideas.

Streamfoods, makers of Fruit Bowl ®, claims its growth was down to its marketing strategy, which was reinforced by the government five-a-day campaign aimed at encouraging people to adopt a healthy diet.

Sales growth for Encore, a recruitment company, was secured in part by targeting a growing demand for immigrant workers to fill gaps in the UK employee market.

2. Knowing what competition you might face, from whom and how. Consolidation is happening in mature sectors, which is changing the balance of power. Globalisation means competitors will be emerging from developing countries such as India and China.

3. Adopting a focused, targeted approach to demonstrate to customers and suppliers alike what type of business you are in – are you a telecommunications company or a media provider? Is your brand being promoted consistently or are some parts of the business sending out conflicting messages?

As your business grows you may need to re-invent how you explain the products or services supplied. For example, By Box has repositioned itself from a business that sells box space to one that provides unattended delivery solutions.

4. Investing in product and business development activities and being brave enough to experiment and trial.

Red Gate Software claims its growth has been as a result of releasing new products or versions of existing packages and it will continue to develop its product offering.

5. Sharing your passion and unique proposition in a way others will understand and reflects consumer behaviour.

Simon Kossoff at the Fast Track awards ceremony in 2006 claimed most of Carluccios’ income is derived from its extended opening hours because it matches our modern way of life.

Basing your strategy on what the customer wants is not always easy. If you are a technology based company you have the uncertainty of what technology is going to dominate the market, coupled with predicting take-up by the consumer.

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6. Establishing an infrastructure (or introduce automation) to drive costs down and enable the sharing of information. This may require harmonisation if you acquire or merge with other organisations.

Dolphin Music allows its customers to track orders on its website, reducing the number of direct enquiries received.

7. Providing evidence of benefits to encourage an investment in a purchase relationship.

Wherever you are in the cycle of growth, there will be a time when you reach a plateau in your sales. You need to invest in raising your business profile before you reach this point. Many of the fast-track companies have been able to secure equity investment as a result or had the cash to move from organic growth to growth by acquisition because of an investment in marketing the business.

8. Recognising that learning is beneficial and you won't always get it right first time round. *Coffee Nation only began to achieve sales growth when it switched to gourmet products.*

9. Knowing that, as founders, you don't have all the necessary skills and will require support which may have to be developed and grown in others, particularly to allow a future exit.

10. Encouraging a customer-driven culture which is about communicating priorities and targets but empowering staff to make decisions.

Unique Catering claims its individually tailored service and attention to detail has led to customers referring it services because of an enhanced business relationship.

11. Familiarising yourself with how your income is being generated and recognising what you need to do to keep expenditure down and efficiency up. Which products are your cash cows or high margin providers? Are 20% of your customers generating 80% of your income?

It's about spreading risk. If you want sustainable growth then don't put all your eggs in one basket. Despite credit checks, partners can suddenly go into receivership, the internet is reducing barriers to market entry and price deflation in retail is squeezing profit margins.

12. Recognising when to say no and to stand up for your values and way of working. A business which walks away from a contract because of concerns which are later proven to be correct may earn the right to re-tender. It has happened.

13. Recruiting the best staff by offering flexible benefits to reflect a range of motivational factors. You may be competing with London-based companies for skills, but quality of life and responsibility can be just as important as financial incentives. Admittedly it's hard if you are working in a sector where the technology is new because talent will be rare but skills can be learnt – it's whether they will fit in and have the potential.

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14. Looking after your intellectual property rights. Building 'goodwill' ensures the business has a legacy beyond its founder and is an incentive to potential investors or purchasers.
15. As the leader of the business you have to know when to let go, think and act strategically and have the passion and energy to promote what you do well. But, more importantly, you need to have the perseverance and ambition to succeed.

In short, you have to know your market and competition, maximise how you use your resources and show how your business is unique.