5 Proven Growth Strategies To Grow Your Business

Most of us accept that standing still with our business actually means falling back. We see the need for business growth. And when we start a business from scratch then we're especially keen to see that growth.

But you ask; **how do I get that growth?**

The answer is to **have a growth strategy** in place. And in this article we take you through 5 proven growth strategies that will grow your business.

What's a growth strategy?

Put simply it's a roadmap for your business that shows where you are now and where you want to get to.

It details:

- The markets you operate in
- The type of customers you want
- The products and services you will offer to them
- And how you're going to position yourself in the market to get those customers

It will also need to consider the risks and potential pitfalls and how you would protect yourself from them.

Having a growth strategy means that growth will no longer be left to chance. Without one you'll tend to be the 'victim' of random opportunities. But the focus and attention a defined growth strategy brings allows you to grow in an orderly, reliable way.

There are 5 basic strategy areas for you to consider. They each carry certain risks, but they're time-tested and proven to work in businesses of all sizes.

1. **Market penetration strategy**

This involves selling more of your existing products or services to your existing customers. It's sometimes referred to as cross-selling.

Examples would be an electrical store selling additional warranties and accessories to customers buying a TV or laptop. Or a bank encouraging current account customers to take a savings account or credit card.

Often it's an easy strategy to introduce because you don't have to develop something new.

The problem can be that you become over reliant on a small group of customers who buy a high proportion of your services or goods. Then if that customer leaves you a big hole is left.

It can also be difficult to get to a position where your customers understand that you provide these other goods or services. Research and our own experience tend to indicate that customers won't generally be aware of everything you can do. So you have to help them understand and this can be quite tricky. Why?

Customers tend to pigeon-hole the businesses they use for the one particular thing they buy from them. And can be surprisingly resistant to education that they could buy additional services from you. So a patient approach is needed which will yield results over time.

1. ## New markets strategy

This strategy is to sell your existing products and services into a new market.

You need to look at what you sell and whether it could be used in another industry. Sometimes these opportunities can present themselves to you.

For instance, in the late 1980s Alan Sugar agreed with Sky that Amstrad would build satellite dishes and receivers so that they'd retail for £199. He had no idea how to do it and had to start research and development. A major stumbling block was the dish part of the receiver, because the normal suppliers were quoting prices that were well outside Amstrad's cost target.

Amstrad weren't stopped though. They considered that a satellite dish looked a lot like a dustbin lid and so started working from that premise. British Steel Corporation agreed to provide the blank sheets for a matter of pence. And a company specialising in manufacturing panels for cars agreed to turn the steel sheets into dishes. The result was a satellite dish for a fraction of the price quoted by the normal makers.

Clearly making satellite dishes was a new market for both companies, but when Amstrad called the suppliers saw the opportunity and took it.

Why not consider the enquiries that you get. Are you contacted by potential customers from outside your normal customer base? What are they asking for? Could you make minor adaptations to your product or service and open a new market for yourself?

There are risks of course. It can be expensive to move into a new market with the advertising that’s involved. And if you’re a specialist in a particular market there can be risks that you dilute your expertise if you expand to other markets.

1. **Distribution channels strategy**

Distribution channels strategy looks at whether there’s another way to reach and sell to your customer.

For instance, if you sell your products through retail shops could you also sell direct to customers through your website?

Even businesses providing services can find ways to do this. For instance, one way would be to partner with other businesses that provide complementary services.

There are risks of course. Your reputation can be affected by the distribution channel you use. So if you try a new channel and customers get a poor experience through it then it could damage the whole business.

It will also require extra costs to set up the infrastructure in your business to manage the new channel. So you need to be sure it will pay for itself.

1. **New product or services strategy**

This is about coming up with an entirely new product or service.

It could be something completely new or it might be complementary to what you already do. For instance, a pilates instructor developing a spinning class.

This approach does carry some risks and this is well-illustrated by the Amstrad story above. There will be significant research and development costs, both in terms of time and money. And as with Amstrad you're likely to encounter challenges along the way that will need to be overcome.

It's important as well to invest properly in marketing research and to consider how the new product or service fits with what you already do. You don't want to risk alienating your current customer base by diluting yourself too much. And potential customers may not see you as credible if your new offering is too far away from your current ones.

1. **New products and services with new markets strategy**

This is where you combine developing a new product or service and selling it to a completely new market.

This is the riskiest strategy because you're dealing with the unknown on two fronts – knowledge about your offering and who your customers are.

You really need to be clear about the potential, and this justifies the risk. You almost need to think of this as an entirely new start-up business. In fact, creating a new business and brand is often the best way to avoid negative impact on your current business.

Implementing your strategy

Of course thinking and talking about a strategy is one thing. Actually putting it into practice can be another.

There are essentially two steps…

Step One…

The first step is to decide whether to:

1. **Grow organically**, i.e. you grow by using your own internal resources to add sales, customers and product lines, or
2. **Acquire or merge with another business.**

Grow organically…

Growing organically is slower, but the growth tends to be more reliable and may be worth more to you in the long run.

To grow organically you need to be prepared to invest some part of your time in developing the business and not just working in it.

Acquire or merge with another business…

Acquiring or merging with another business allows you to grow very quickly and see immediate benefits.

There can be difficulties though because of organisational culture and procedural clashes, which take time to smooth into a new united organisation.

Also, it’s not always as valuable as growing organically. One, because it will often add more heads to the table. For instance, in a merger you may have 2 or more business owners now looking to share a profit. And two, because there will often be some customer fallout from both businesses.

The great advantage though is that you get immediate access to skills, expertise and markets that would take you a long time to acquire on your own.

Because there are potential pitfalls, buying or merging with another business needs careful due diligence and planning. So we’d recommend getting plenty of professional advice before going too far down this road.

Step Two…

Once you’ve decided on whether you’ll grow organically or by acquiring or merging with another business, you need to **plan for marketing**.

To do this you should:

1. **Consider the market** - Find out everything you can about the market you're targeting. Who is the competition and what are they doing already? What are the needs and wants of the market? You need to make sure that your products or services are going to meet these.
2. **Identify your customer** - Rather than trying to take every customer in the market you're targeting, work out which niche will be best for you and the most profitable. What are they interested in? What are their problems? What is it that you're going to do to help them overcome it?
3. **Develop yourself** - Develop and clearly understand what makes you different from all the competition. Why should a customer buy from you and not the competition?

Once you've identified the market, your chosen customer and your main point of appeal, you need to work out the best way to reach your target customers.

This might involve a mixture of using traditional and digital marketing methods. Don't leave this to chance. Customers are a lot like the sea, always moving. So methods that work today may not be as effective tomorrow, which means you need to keep testing your approach to find out what works best.

Conclusion

Having a growth strategy in place will allow a business to grow in a focused and reliable way. It avoids leaving things to chance.

Weigh up the risks and decide which of the 5 proven strategies would work best for you.

Then implement that strategy. First, decide whether to grow organically or buy or merge with another business. Then develop your marketing plan so that you bring your product or service to your target customers.

If you'd like help getting a growth strategy in place for your business why not try us out? Give Seamus Parfrey a call today on **021 431 0266** and see how we can help you.