Overview:
The State of Your Business

Given the ever-changing nature of our economy along with volatility in our capital markets, the challenge facing many business owners today is: how and when to grow? This question often leads to other questions which help define the path business owners should choose for their companies. Below is a list of questions you should ask as you review growth opportunities for your business:

- Is now the right time to grow?
- Is capital available to fuel our growth?
- Are market conditions ripe for growth opportunities?
- What strategies should be used to facilitate growth? How do we know whether these strategies are appropriate for our business?
- Will our current business structure support this selected growth strategy or do we need to make changes? Does our growth strategy present new risks or make us vulnerable?

To get these answers, you need to take some dedicated time with your team to develop a growth plan that looks at the current situational and SWOT—Strengths, Weaknesses, Opportunities and Threats—to determine key areas of focus. Two examples are:

- Go Deep vs. Go Wide (Should you expand in your existing market or enter new markets?)
- Buy vs. Build (Should you develop new, organic capabilities or should you buy them?)

You should not make these decisions alone or in a vacuum. Engage your management team as you see fit and develop a board of advisors to guide you in your growth journey. Consider them an insurance policy that serve as extra sets of eyes and ears to make sure you don’t miss any key elements or opportunities as you develop your growth strategy.

Setting the Stage for Growth:
A 7-Step Checklist of Key Issues

Before you can prepare your company for additional growth, you need to analyze your strengths and weaknesses. Taking these steps will help you concentrate your efforts in the areas where you have the best chance of success. By looking for strengths you will also spot your company’s weaknesses. Start with these areas:

1. Costs and revenues. Examine them for every part of your business. Are revenues rising or falling? How about profit margins? Which divisions or departments stand out? Why? Do you have a strong positive cash flow?
Do you have a written statement describing your company's philosophy or mission? (If not, this is step #1!)

2. Personnel. Do certain employees show exceptional skills or produce outstanding results? Where in the company is the strongest management, organization and planning? Do you have the talent on staff to handle anticipated growth, or would you have to hire new personnel? Are there any concerns of key employees leaving the company as you prepare your growth strategy?

3. Operations. Are there areas that seem to be trouble-free, functioning with little supervision but always delivering results? On the flip side, are there parts of your business that require constant attention but produce little results? Will these areas hamper your growth strategies? What are your options to resolve these problems moving forward?

4. Philosophy or mission. Do you have a written statement describing your company's philosophy or mission? (If not, this is step #1!) Does it define the essence of your business exactly so that you know which kinds of activities fit your company's goals and which don't? Are you diluting your resources by engaging in any activities outside your mission? Have you developed a set of core values, and have they been embraced by your employees?

5. Your market. Is your market share—your company's percentage of estimated total business available—increasing or decreasing? Is your marketing strategy based on careful research or on instinct and hunches? Is your customer or client base shrinking? Do one or two clients represent an unbalanced percentage of your overall business? What would happen to your growth plans if they suddenly stopped working with you?

6. Your competition. Do you know exactly who your competitors are, and where they pose the largest threat? Which part of your business is most vulnerable to competition and which is least vulnerable? Are some parts of your market becoming crowded with competitors? Transversely, are you proactively seeking to take business away from your competition?

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7. Economic climate. Are changes in economic conditions—interest rates, inflation, housing starts, industry earnings—likely to affect your company? Do you make efforts to stay on top of key trends and economic indicators to help you anticipate changes in the marketplace, or are you often surprised by developments that affect your company?

Your answers to these questions will give you an idea of where your company is strong and where it could improve as well as which type of growth strategy would best serve your company. You cannot and should not blindly make decisions regarding the growth of your business without analyzing the impact of those decisions.

Five More Questions on Effective Growth Management:
1. Can you articulate why the company wants or needs to grow?
2. Can you clearly define the objectives that growth will achieve or problems that growth will solve?
3. Do you understand the challenges and risks that rapid growth will pose to the company especially if the growth process is not well managed?
4. Do you understand the various phases of growth that the company will experience as it evolves towards maturity?
5. Are you planning to implement a growth management process that is responsive to and reflective of your company’s current stage of growth?

Summary Checklist
- Before you put together a growth plan for your company, ask yourself the important questions on the state of your business.
- Recognize your strengths and weaknesses in the 7-step checklist
- Review the five questions on effective growth management. Write down your answers and review with your management team/board of advisors.

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