

Looking to the Future

Development and Growth

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You may reach a point where you are satisfied with the level of business your organisation is undertaking and simply aim to consolidate that position. However, there may be opportunities to do more than consolidate your enterprise and instead take steps to grow the organisation, its activities, turnover and profit.

Growth is generally considered to be desirable. As well as (hopefully) bringing financial benefits, it can also make your organisation more diverse and sustainable. However, growth can also bring risks with it too. It is therefore important that in taking steps to grow your organisation, you have both a clear vision for growth and a robust plan to make it happen.

Before you decide to try and grow your organisation, you should be confident about the current health of the enterprise. Growing your enterprise will involve time and potentially money. It is therefore important that your organisation is currently performing well and that it can continue to deliver quality services to your existing clients, whilst you move some of your focus on to development of the enterprise.

You can undertake a health check of your organisation by visiting the Business Link website at:

www.businesslink.gov.uk/bdotg/action/layer?r.i=1084825181&r.t=ONEOFFPAGE&topicId=1077717513

It is also worth bearing in mind that your organisation is still likely to need to develop in order to consolidate its position.



A Vision for Growth

There are a number of options for growing your organisation including:

- Increasing your market share i.e. increasing the proportion of people who buy your products or services
- Diversifying e.g. expanding the range of services on offer
- Joining forces with another organisation to maximise opportunities

For a new micro-enterprise the most likely way of

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expanding your enterprise is to increase your customer base or diversify your activities.

Increasing Your Market Share

In order to increase your market share you need to do one of two things:

- Increase the market size by attracting new customers, or
- Secure a greater proportion of the existing market by out-competing your rivals for customers

In reality, the strategy for increasing your market share may combine both of these elements. For example, you could identify potential new customers by identifying groups of people that you have not previously targeted. Perhaps you could expand your existing 'range' by delivering services in a larger geographical area. Alternatively you could consider whether factors such as reducing your prices would help secure a bigger proportion of the market. However, this would need to be considered in line with the potential impact on your existing customers and profit margins.

Diversification

Diversification means developing new products or services relating to your existing enterprise and bringing them to new or existing customers. It could also mean finding a new type of customer for your existing services.

For example, if you provide personal assistance for older people and this involves an element of house cleaning, you could consider expanding your service to include a cleaning service for other local customers such as families or young professionals. These people may not have been part of your original target audience. However, as you will already have the foundations of a cleaning business in place (such as the necessary equipment, staff, insurances etc) it would be relatively straight forward to develop the new strand within your business. Alternatively you could include a wider range of activities in your personal assistance service, which may appeal to existing



Want to talk to someone?

For advice about starting a social enterprise or small business get in touch with a local advisor.

Voluntary and Community Sector Organisations call the Doncaster CVS Social Enterprise Team on 01302 343300.

Private business call Doncaster Chamber on 01302 341000.

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customers. This will increase your revenue levels without needing to increase your market share.

Diversification can also help to make your organisation more robust. By increasing the diversity of your revenue streams, you are less likely to be exposed to variations in demand. If you only have one service and demand starts to fall, it could have serious implications for your organisation.

Developing a Plan for Growth

Your plan for growth needs to be considered in the same way as your original business plan. For example, you will need to do the appropriate market research and ensure that your proposal for growth meets the needs of your customers and that there is sufficient demand for your new service. You should also consider your plan for growth in the context of your organisations strengths or weaknesses. For example, could your idea for growth build on your existing strengths whilst addressing an existing weakness.

Your plan will need to identify any new investment costs you will incur in order to set up and deliver your new service. If you intend to expand your service to a new customer base, you will need to invest in new promotions, adverts or other ways of reaching your new target audience. Once you have identified your investment costs, you will need to determine how you will secure that finance. This could be done by using existing money from within the organisation or by borrowing money. If you are running a social enterprise, you may also be able to secure a grant to develop a new revenue stream.

A comprehensive guide to growing your business is available on the Business Link website at:
www.businesslink.gov.uk/bdotg/action/layer?r.l1=1074404796&r.l2=1074446322&r.s=m&topicId=1074404796

