

# BALANCING REVENUE GROWTH WITH THE GROWTH OF A BUSINESS

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**H**ave you ever noticed that you need more employees than you can reasonably afford, or the demands of your business seem to be growing faster than the bottom line? If you answered yes, be aware that this scenario can lead to slowed growth, mistakes and frustration. By the time you feel the slowdown in work levels, your business has been in trouble for months.

There is always more than enough work to do in any business, but just being busy is not the same as growing. The busier you get, the more growth you think you will have, when in fact your business could even be in a flat period.

I was working with two photographers recently who have a growing business specializing in performance photography. Their gross revenues have increased 40 percent over last year's levels. However, when we reviewed their schedules, we discovered that their work level has grown 200 percent. Instead of 10 shoots per month they are doing 30.

If they were to judge how fast their business is growing by how tired or busy they feel, they would be mistaken.

Some owners faced with this situation could prematurely conclude they should back away from growth, thinking they couldn't handle any more business.

This story is not that unusual. At a key stage in a company's development, the word gets out. Prospective customers call you instead of vice versa. Marketing opportunities expand. When the amount of work grows exponentially compared to revenues and profit, it's time to make some hard decisions.

- It may be time to let go. Some of the marketing and sales techniques that were used during start-up may need to be replaced by more efficient methods.
- It may be time to compile and analyze the information about the best source of new leads. There are typically two or three key ways to attract customers. One hopes the most successful ways are referrals and repeat orders by satisfied customers. But what else is working? Speeches? Networking? Display advertising? Media coverage? Focusing efforts on a handful of marketing programs is a more effective use of everyone's time than numerous scattergun methods without targets.
- It may be time to prepare some budgets for both money and time. Defining how many hours of billable time each person within a service business will have is essential when the "things to do" list is longer than the accounts receivables'. The photographers I mentioned can afford to invest in speculative shoots only when they have a base level of paying business scheduled.
- It may be time to seek balance in the non-customer-related work because it is so easy for a company to become reactive. Without balance, a company loses

business to a competitor's new technology or shifts in the marketplace.

Many start-ups attract attention and become busy in the short term by being good at many things, but it can't last; you can't be everything to everybody. Customers need to remember you for something in particular in order to refer other customers to you. When the "to do" list expands beyond your capacity to hire people to do the tasks, it may be time to focus on the most-valued services or products.

- It may be time to review the costs and return on investment associated with each marketing and sales effort. For example, some people are such talented speakers that, over time, public speaking becomes a great marketing tool. That only happens when the speaker reviews the value of his or her time, the marketing/sales potential of each speech and lets go of "freebies."
  - For many, it is difficult to let go of free opportunities that used to take hours of work to generate. The two photographers are torn between wanting to accept any invitation within the performance community to shoot pictures and knowing they must bill for most of their time.
  - When the rate of things to do grows faster than the rate of growth in revenue and/or profit, it might be time to alter expectations. As businesses gain visibility, owners can become embarrassed by their own companies. The home office suddenly feels too small or uninviting. The brochures seem plain. A task that used to be completed in a week's time is now demanded within a few days, not by the customers but by the boss.
  - It may be time to analyze profitability. Which products or services are most valued by customers? Which products and services have the most potential?
- It's important to resist the temptation to suddenly fix everything that seems wrong just because a business has gained some visibility. Not everyone is staring in every crevice.

Also, it is equally important to identify the key things that do need to be perfect and invest time and money in them. The sales staff may want to have fancy point-of-sale literature, but a busy company typically needs to invest in core operations first. Being confident that the production staff will deliver on its promises will help the sales staff more than glossy brochures.

The theme again is focus: focused marketing, focused time, focused production, focused expenditures, focused expectations and focused lead analysis. I have seen a great deal accomplished in a one-day focus meeting when there's a structured agenda and everyone knows the expected outcome of the day's work. It cannot be allowed to degenerate into a complaint session or problem-solving discussion of one issue.

