

Business management: Strategy

Knowing when to accelerate growth in your business.

Growth is very important for every business and it is vital if one wants the business to survive. A business should be able to keep up with demand and the changing environment and that can be done by expanding your operations.

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Growing a business means taking the business operations to a higher level and involves increasing the number of customers, increasing its transactions value, improving its business systems among others. Steps taken may vary according to the industry, business environment and services offered. Growing is all about capacity and capability therefore business performance should be assessed to know if the business' assets, finances or workforce can be able to facilitate and sustain the expansion.

Here are some signs that your business is ready for accelerated growth:

1) **Strong financials.** A business' financials are key in assessing if the business should be expanded. Financial statements provide information on revenues, expenses, profitability and the business' ability to meet its financial obligations. By analyzing your statements and financial ratios you will be able to determine your business performance and know whether your funds can facilitate an accelerated level of growth. Cash flow levels is a great indicator of business performance and indicates that the business' liquid assets are increasing.

2) **Repeatable sales.** These are purchases made by consumers in order to replace the items they had previously bought from the business. This usually results from customer loyalty. When the business is recording higher repeatable sales, it means the brand is gaining wide acceptance and a growing base of loyal consumers. This is the time to start thinking about product diversification within the same customer groups and same geographical locations or venturing into new territories and new customer profiles.

3) **Surpassing previous business goals.** Every business has goals, which are usually reviewed on a periodic basis. Once you begin to notice that the business has been surpassing its goals by a great margin each period, it's time to start thinking of accelerating the growth. A way to know if you are surpassing your goals is to look through the business' Key Performance Indicators (KPIs) and review your performance through the periods. This will aid in determining if you are actually surpassing them and the quantum leaps you are making.

4) **Atmosphere of minimal risk/challenge.** Once you start to notice that there isn't any challenge that your business is facing, it may be that you have been complacent with the level your business is at. However, business growth should be consistent. Assess your business environment to see which opportunities you can tap into to accelerate growth. Not all risks are good for your business. Undertake a risk-appraisal before making a move.

5) **Turning down potential business opportunities.** This mainly occurs when a business starts to have many projects coming in but have limited resources or labor force to execute the projects. The business ends up declining those projects. If the business is turning down clients due to lack of inventory or employees, it's time to start thinking of how best to grow the capacity to deliver, either through hiring more staff or ramping up inventory, or applying other least-cost ways of increasing the capacity to deliver more.

Here are some factors to consider when accelerating growth in your business;

1) **Data-driven analysis to identify your growth opportunities.** This will help you reveal the best time to accelerate growth, the business' future outlook, the market opportunities that supports a higher level of growth and insights on what is needed in order to achieve a new growth momentum. Through data, a business can figure out the best approach to take in order to satisfy its customers. Data also reveals the business' strengths, weaknesses and areas of improvement which will give the necessary direction so that the business can leverage on its strengths and improve its weaknesses.

2) **Sales and marketing strategies optimization.** Sales and marketing are core to business growth. For a business that is sales-driven, it should start by calculating what the overall productivity level is. This can be done by estimating the average revenue and cost per employee. This will give insights on how best to optimise existing talent and whether new talent is necessary. Another element is marketing. Review the marketing strategies that are in place and determine their Return on Investment (ROI). Once that is done

you can decide to maintain the effective strategies that have supported the business and come up with others that will aid in accelerating growth.

3) Learn about latest business systems and technology. In order to achieve higher levels of growth, it's important to embrace or be open to new advances in technology such as artificial intelligence and automation of your business. Technology will help to improve efficiency as well

as creating a minefield of data that can provide your business with valuable operational insights. Technology will also enable you to expand the business capacity and customer reach.

In conclusion, through effective planning, data analysis and the proper tools of execution, a business is able to increase its capacity and ability to unlock new growth opportunities.

About Algom Africa Capital

We are a pan African Management Consulting and Business Advisory firm. We help SMEs and Large Enterprises achieve their aspirations of growth, efficient business processes and models, impact and wealth creation. We help them achieve success through tailor-made solutions that helps them overcome strategic, financial, organizational, managerial and operational challenges.

We offer business advisory services which entails strategy development, investor readiness and capital raising, mergers and acquisitions, financial modelling and forecasting, business analytics and business valuation, due diligence, operational optimization through process mapping among others. We also offer research and analytics services, private equity deal pipeline development and training and capacity building services.