

Time to switch gears

Financial Post closes the Advice series this week with a final word from small business experts. As early signs of a recovery emerge, Mary Teresa Bitti approached three advisors at the top of their game, to get their take on best growth strategies going forward:

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Brad D. Cherniak, left, and David Simpson

BRAD CHERNIAK

Co-founder and partner at advisory firm Sapient Capital Partners

For small business owners who are still shell-shocked by what's gone on during the past year and are finding it hard to get back into growth mode, Mr. Cherniak says being too cautious is a risk in and of itself.

"As you grow, you naturally diversify and that will allow you to better withstand whatever the market throws at you," he says. "If you aren't growing, you're dying."

Of course, perhaps now more than ever before, small businesses have to be smart about how to undertake that growth. Mr. Cherniak offers the following advice:

-It's better to be over-resourced. "The onus to do things well is high. Don't stretch your people thin. Make sure you have all the resources you need to move forward, and that means people, equipment and money. It takes money to grow. You can't rely on future revenues to see you through because they are unpredictable. For the initial growth push, make sure you have the liquidity to move forward."

-Pick one core growth strategy. "You may have multiple opportunities you want to pursue, but avoid the temptation of taking a scattered approach. Choose one strategy, try it and then move on."

-Adopt a growth mentality. "Entrepreneurs should be more like sharks: swimming and moving all the time."

STEVE FARLOW

Executive director, the Schlegel Centre for Entrepreneurship, Wilfrid Laurier University

From where he sits, Mr. Farlow says growth should begin with a few key fundamentals:

-A clear focus and understanding of your customers. "You have to be able to answer an important question: What do customers value from us that is unique and distinctive? Is that understood throughout the entire company? Yes or No? If it's not, you will under-achieve. If it is, that is a platform that can be levered into a growth strategy."

-Assess your online strategy "This is the time to do a candid, brutal assessment of all of your company's online strategy, the effectiveness of your website, how you portray yourself in online relationships, in social media, blogs. If you haven't focused on social media, there is a huge risk of underachieving. It's the online strategy that can lead to terrific and unexpected opportunities globally.

Traditionally companies begin by attacking the market in southwestern Ontario. That's old thinking. Now it's Where in the world is our most attractive

distribution channel, customer base, marketing opportunity? And that is achieved through online, Web-based strategies -- the single best strategy for growth going forward."

-Learn from the best. "Find the global leaders in your industry and outside your industry and study them. It's an exciting time because you can learn so much competitive intelligence from publicly available information."

-Have you tried three new significant initiatives this month? "If not, you are being too timid. You are under-achieving. If it's not working, end it, change it quickly. Fail fast."

-Is there opportunity for a significant strategic partnership that would accelerate growth and performance? "A strategic partnership can be with a customer, supplier, competitor, or with a company in an industry segment that is aligned to yours. This can come in the form of an acquisition or amalgamation. Now is the time."

DAVID SIMPSON

Lecturer on family business and entrepreneurship Richard Ivey School of Business, University of Western Ontario

Just back from the Banff Venture Forum , a finance-raising opportunity for small business, Mr. Simpson shares these insights from the event:

-Capital efficiency. "What the recession has taught everyone is your story might be good but wastefulness won't cut it. The people with the money are telling business everything you do must translate into a sale. Every time you spend a dollar, ask is this going to make me money?"

-Is it going to translate into a sale in the short-term, medium-term, or long-term? "Then you must match your financing accordingly."

-Think allies. "Go into growth opportunities by looking at who will benefit most from your product. Where do they hang out? How can I do things that aren't

wasteful in the sense of sending my messaging out to people who will never buy what I'm selling.

"That might mean getting out and doing more public speaking to people you are targeting. Think association breakfasts, etc. Offer yourself up as a guest speaker. Then become indispensable to those people. Provide value add, be a leader in helping that group solve their problems and your sales will flow from that."

-The recession has provided an opportunity to engage or re-engage employees. Encourage an owner mentality in staff as opposed to an employee mentality.

"The recession has reminded employees that employment is not a right, it is something that has to be earned every day. Get them charged up about earning their job. For example, 'I am going to give you a chance to be indispensable. Let me unleash you. You go find new customers, make your self invaluable to those customers and that makes you so valuable to me.' And then change the compensation structure to empower people. For example, a lead on sales will result in a bonus. Now get out there and grow, grow, grow."