

# CHAPTER NINE



*Nailing Strategy and  
Planning Expansion*

*“If you want to hit the big time  
it’s important to keep one eye  
on a brighter future.”*



**B**ig ideas fuel business growth, so if you want to hit the big time it's important to keep one eye on a brighter future while you're dealing with the machinations of the present. As a busy person juggling multiple customers, systems and processes, this can be a tricky balancing act, but creating a growth plan could save you hours of wasted effort down the track.

"Work on retaining existing customers. Three quarters of our work pool is from existing customers. They get you through recessions and help you to stay busy throughout the year. It's important to retain customers, if you start off by retaining customers then you won't go wrong."



**– Charlie Mullins, Pimlico Plumbers**

If you have followed the advice laid out in chapter 4, then you should have a clear vision for progress and understand the broad steps that will take you there. This strategy should read like an ambitious business plan, incorporating all of the opportunities out there, as well as the things that could trip you up.

Now comes the thorny task of actually achieving your goals. Strategies are useless if, once written, they are parked on a shelf. Use your plan like you might do a map; check it regularly to remind you of your ambitions and prevent your business from steering off course.

"We are always looking for opportunities within the industry. For example, we'll take on small carpentry jobs and look for property we can refurbish ourselves. We have also looked into buying and managing freehold buildings within the company. We are keen to take on larger projects in the future and have become VAT-registered in order to become more attractive to the commercial market. We are a limited company, which I feel is important and looks professional."



**– Chris Jones, LSW Decorating Ltd**

# ROUTES TO GROWTH

Regardless of whether you paint walls, clean houses or put up fences for a living, the broad opportunities to grow your business are the same. The two most obvious are to attract new customers and to sell more to existing ones – and we’ve covered these topics in chapter 4. But there are less well-trodden routes to growth that can have dramatic results too.

## *Diversify into new markets*

A lot of successful businesses start out doing one thing and end up doing another. This is because the owner or a member of staff spots an opportunity in a related field where there’s better scope to earn revenue and grow.

Tradespeople are not excluded from this opportunity and there are several ways in which businesses in this sector change tack or expand into new markets. One is simply bolting on additional services as you grow; this gives a business a ‘full-service’ edge, allowing people to book your team to work on bigger, more complicated projects.



“We are a home-improvement business and are experts in windows, doors, driveways and conservatories. We have invested in new staff and added kitchens and bathrooms as our newest products.

“In the last year my business partner and I have invested every penny we have made back into the business which has helped us grow to a level where we now have two offices and a storage unit. We have the equivalent of more than 50 staff, commissioning self-employed people as well as in-house staff and CIS-registered fitters.”

– **Alan Gough, Warmglow Home Improvements Ltd**

Another common method is creating a product that helps you deliver your service. It could be better paint, a new style of brush, sheers that cut more effectively or a gadget that makes wiring a wall more straightforward. They say necessity is the mother of

invention; tradespeople are well placed to understand a need and to create something which satisfies it.

A third way to diversify is to expand territorially. Extending your reach opens you up to more customers and gives you a bigger pond in which to fish for big projects. This is a great opportunity if you know your offer outclasses rivals in a nearby postcode.

### ***Subcontract***

Subcontracting works both ways. If you are good at winning business then you can be ambitious, broadening your sales attack and engaging trusted partners to help you fulfil the work. Subcontracting is a brilliant way to grow while you create the necessary funds to start recruiting more full-time workers.

On the flip-side, if the quality of your work is brilliant and you are naturally better at fulfilling projects than pitching for them, you might consider subcontracting for others. Making friends in similar trades will vastly increase your pipeline of potential jobs.

### ***Mergers and acquisitions***

Mergers and acquisitions might sound like something for large companies, but buying another business is a legitimate growth tactic for any business. It might be that a rival is retiring, or that a business that complements your own is winning contracts that you could work on too.

Whatever the case, merging with a business or acquiring it should give you an economy of scale with better profit margins. You'll get all of the branding, equipment and the workforce, which could deliver your business into the big time.



### *Accelerate!*

You'll probably need to borrow money for a major investment like this, but sources of funding are always looking for ambitious companies with realistic expansion plans. If you can demonstrate a big upside to your acquisition or merger, you could find yourself spoilt for choice. More on raising money later in this chapter.

Whichever way you choose to grow your business, be prepared to change your mindset, as well as your style of management. Running a one-man band requires a very different skillset to presiding over multiple projects and a diverse workforce.

"We grew from a husband-and-wife start-up into a small business, thriving in our local community. A huge part of this story involves the sourcing of like-minded engineers, with similar values to us. We very much felt that the company was our baby and that people working under our name reflected on us directly.



"We live in a small community where reputation is everything. But finding the right engineer to join our team was only the start, we had to familiarise ourselves with the role of employer and take on board its responsibilities.

"We have had to become motivational, inspirational and responsible. Sometimes there have been great leaps of faith and sometimes decisions have happened after deep discussion. But seven years later, with the help of Checkatrade, we have built something we are very proud of."

**– Louise Kirk, RH Heating and Plumbing Ltd**

## SUCCESS STORIES

**Name:** Louise Kirk

**Business name:** RH Heating and Plumbing

**Type of business:** Heating and plumbing services

**Number of employees:** 4

### **How did you get started in your trade?**

“My husband worked in the heating industry all his life, but wanted to venture out on his own. In the beginning, it was just him; I organised a bit of paperwork alongside other work.

“We were desperate for the phone to ring. Even if you’re a good engineer it doesn’t equate to being a good business person. We gave each customer the best service we could and hoped that at the end of the year the figures would add up.”

### **Has the business changed since you started?**

“Within months our biggest problem was meeting demand, even with my husband working seven days a week, so we took on an apprentice. It was a step up for me as an employer with new responsibilities I had to get my head around. We incorporated the business and have continued to grow from there.

“I am now based in the office full-time. My role varies from collecting parts to payroll and booking work. I think the customers appreciate the personal touch. As the first point of contact, I usually know their name or property address.”

### **Describe your typical customer and project.**

“What I love about our role in the community is the variety of jobs and customers. We work for private householders,

landlords, estate agents and charities with local public buildings. Some of our projects are complete rebuilds, over months, coordinating with other trades; others are one-offs to replace some tap washers.”

**What do you enjoy about your career?**

“I like all the roles I play, but for me the most rewarding part of the job is when a customer has been over-quoted for work from other tradesmen and then receives our carefully calculated estimate.”

**What’s the hardest thing about it, or the biggest challenge you face?**

“One of the biggest challenges we face is the bad reputations of other tradespeople. Our first contact is often with a customer let down by another company. In this case we start on the back foot as they think all plumbers will be late, overcharge or not turn up.

“I see it as a personal challenge to turn that perception around; seeing the feedback our customers leave on the Checkatrade website is always a boost.”

**What are your plans for the future?**

“We are constantly weighing up if we should expand or not, there are benefits and drawbacks for each direction. So far we have let the company evolve itself.”

**What’s your best tip for other tradespeople in your sector?**

“My top tip is to be kind. Even after seven years, I still look at every job





from the customer's point of view: would I feel it offers value for money? Is the work disruptive to a household? Is the estimate clear? Do I understand the work involved?

“What keeps us going is the huge sense of satisfaction knowing that we couldn't have done anything better.”

## PLANNING FOR GROWTH

Without direction, growth can do more harm than good. Over the years an uncountable number of businesses have overextended themselves, causing them to run out of cash, deliver poor quality or become stretched in terms of personnel – sometimes all three at the same time.

In this case a business can find itself worse off than before, having lost valued staff to fatigue as well as cherished customers fed up with the drop in quality. At worst it can spell the end of the business – so planning is a must.

“Always have a goal: where you want to be, how big you want the company to get. After that you need to consider how to do it.”



– **Matt Merry, Matt Merry Roofing**

The first question to ask is ‘why do we want to grow?’ and ‘what objective do we want to fulfil?’. It could be scaling up for acquisition by a rival, or more simply stretching out profit margins and picking up lots of new work. Different goals require different paths to growth and these will give you a good idea of what you need to get where you're going.


Next, referring to your sales strategy, answer the following questions:

- Who is our ideal customer?
- What is our competitive advantage?
- Where are the spaces in what we do well?

### *Accelerate!*

- What are the most obvious areas for growth?
- Can we create new revenue streams – if so which ones?
- Can we develop partnerships to fuel growth?
- Are there any blind corners or red herrings we should avoid?


This exercise should take a couple of hours, but its value is in guiding the business towards the things that deliver revenue and profit, and away from those that take up time and energy without the sort of benefits that make it worthwhile.



"We now cover three locations and have expanded the area we work in. We've made some off-the-cuff decisions for expansion that have been costly and expensive, including taking on staff at short notice and not having enough people to cover the whole of our area."

"It's so, so important to plan for growth and have milestones by which you can check your growth trajectory. Sometimes it looks like you're doing well but if you're not meeting the tests you set out at the beginning of the process you have to really think about whether it's working."

**– Adam Allsop, The Shutter Studio Ltd**



"We had a strategy from day one with the simple guideline 'don't grow too big too quick'. With this industry, it only takes a couple of large jobs on the books and the financial outlay is massive before you get a return."

**– Jordan Williams, JR Williams Plumbing Services Ltd**

## MENTORS

There's nothing new under the sun, or so they say. In other words, unless your plans are completely outlandish then people will have gone through the same or similar experiences in the past. These experiences will have imbued them with firsthand knowledge of the good, bad and ugly of business growth.

## 9. Nailing Strategy and Planning Expansion

People who have been successful in business probably have experience of customers, sales, marketing, finance and team-building – all in the context of a changing (expanding) business environment. It's information you can't buy.

This, in essence, is the value of a mentor. They can steer you away from bad decisions and towards the kind of actions they know have worked in the past. A good mentor could help you win major contracts, or just as easily save you money by advising against a poor investment.

"If you're a painter and decorator like me, look for the best decorator working around you. They might be a tradesperson on a local site or a lecturer at your college. Stick with them. Working with someone who's a master of their trade, you'll pick up information and tips that could take years to develop.

"It's always good to learn from everyone around you and pool all of the knowledge together. These snippets of information are ingredients of the recipe that will build your business."



**– Wayne de Wet, Wayne de Wet Painting and Decorating Services**

Many tradespeople are – or have been – part of a family business, usually composed of a parent and one or more children. The younger generation learns from the older one and the business develops naturally over time.

Other people pick up mentors via events and trade shows, often because they hit it off with someone during a conversation. Still more are connected with mentors through official programmes and networking events laid on by business groups and other institutions.

If you don't have access to these routes, it might be a good idea to go direct and get in touch with someone you know by reputation and who you respect – perhaps someone you would like to emulate.

A quick email takes no time at all and it just might be the start of a fruitful business relationship. The worst that can happen is that your target mentor doesn't respond – which is hardly the end of the world. Try something like this:

Dear \_\_\_\_\_

*My name's ABC and I run a small business as an XYZ. I have watched your business's progress over the years and I think you've done a brilliant job. I wondered if I could ask your advice on a couple of matters to do with growing my own business. I'm ambitious and eager to learn, maybe I could buy you a cup of coffee one day soon?*

*All the best, \_\_\_\_\_*

If you catch someone in the right mood, this approach really does work. Most people are happy to give up a small amount of time to help others and some actively relish the prospect of helping others grow, maybe as part of a commitment to 'give something back'.

It might work, it might not, but the potential benefits far outweigh the time and effort it takes to make an approach like the one above.

## RAISING MONEY

Business owners seek funding for a range of reasons. In chapter 5, we looked at borrowing to buy a van and businesses also borrow to bridge gaps in cash flow. A third reason is to invest in growth by investing in more (or better) equipment, taking on staff, moving to bigger premises or ploughing funds into sales and marketing.

This kind of activity is probably the most attractive to financial firms and to wider sources of funding such as business angels (private individuals with spare cash to invest in businesses) and venture capital firms (professional businesses set up to invest money in promising firms in the hope their stake will grow).

If you're planning something very ambitious and you need a lot of money, you need to demonstrate why investors should trust you with their cash. In most cases you will submit a business plan (a variation of your sales strategy) with an emphasis on proving that your investment will either allow you to pay the money back with interest (in the case of a loan) or that your business will grow and return an inflated sum to your backer (in the case of a business angel or venture capitalist).

Banks, venture capital and crowdfunding platforms will ask for a lot of evidence to back up your claims and in many cases they will perform 'due diligence', which essentially means forensically checking the facts to ensure what you say is true.

In most cases, this takes a lot of preparation, time and effort – even money – and it can upset the normal running of the business by distracting the top managers for long periods, so it's not for the faint-hearted. It's important to give it plenty of consideration because a failed bid for funding can set a business back.

## RISK VERSUS REWARD

Growth is a risky business, but sometimes you just have to go for it. If you are entrepreneurial and are in business to develop your company into a major player, you'll need to identify every opportunity that comes your way and grab it with both hands.

Sometimes the timing won't suit you. In that case, having good judgement is a real asset. Is it better to jump at the chance to grow and risk the consequences or stay conservative and stick to a well thought-out plan? Only you can decide.

"The next stage always comes up quicker than you expect. Here I am sat in an industrial unit twice the size of my old one, because it became available in a good location at a good price, not because I was ready for it.

"I am now planning to make more space and start manufacturing our own products – again, not because I was ready, but because the opportunity presented itself and if I didn't do it now I would miss it. This needs a lot of logistical and financial planning to make it happen, as well as a robust marketing plan to ensure the enquiries keep ramping up to cover the extra work needed.



"The company structure will need to be addressed, as will getting the right people in place, new systems, new health and safety planning. Most importantly, more sales to support all this. Growing a business isn't easy, but with the right support around you and the right mindset, you can do it."

– Chris Fairbairn, Cribbit Installations Ltd

