



What's a growth plan and what should it contain?

For a business to develop, it needs to grow. Without growth, competition can form and ultimately overtake or replace the existing business, or customers drift away in time. A business can grow without plans, just naturally evolving and reacting to customer demands, the environment it operates in and opportunities that come its way. Having a plan will make growth more efficient. Focussing the actions of your limited time on to those that will achieve growth – and it doesn't stop you being opportunistic! Creating growth involves taking risks, calculated risks. There are two main types of business growth: organic growth and inorganic growth.

Planned growth involves working out what products or services you want to offer and where.

- Inorganic growth is generally growth from buying other businesses or opening in new locations, e.g., you may have a good business in Stranraer, but you are thinking of opening up a second one in Dumfries.
- Organic growth is internal growth that the business gets from its operations. This means increasing your output. If you were a shop, you might offer a bigger product range, or for a service business, you could increase the range of services.

Most growth in social enterprises is organic growth, as this approach builds on what you already know and tends to be less disruptive, however it can be slower to achieve than inorganic growth. The exception is where a service can be offered in another location. In some cases, setting up a new separate business may be a better option than expanding the existing business, as this protects the existing business from any growth pains the new business may experience.

Planning for Growth

Things to consider when planning for growth.

What additional services or products will you offer?

Who will you offer them too?

Will the market pay for them?

How can increase output?

Do you need more resources (time, money, people, equipment)?

How will you pay for the growth if you need to buy extra resources?

How long will it take to earn the funds?

Do you need to become more efficient in what you do now to create capacity in your business to grow?



How long will it take to reach your growth targets?

Will the growth help or hinder your social aims?

What are the likely risks and how can you mitigate them?

Is your leadership team capable of achieving the growth or do you need additional skills and capability?

Activity



If you are thinking about growing take the time (with your team if there is one) to consider the questions above.

Other related information

SEDG Resource – Break Even

SEDG Resource – Profit And Loss

SEDG Resource – Cash Flow

Need help?

You can contact at us and arrange a call at: sedg@tsdg.co.uk