



How grown up is your business?

*The six key signs that a business is growing up
– and how you can do it, too*

Grown up businesses

Introduction

Growing a business is tough. You have to find and retain good people, get new customers in through the door, source investment or commercial finance to fund your expansion plans, and be innovative and flexible enough to take advantage of new trends. All whilst ensuring you've got more money coming in than is going out and that the books are balanced at the end of the month.

It's a lot.

But here's the thing. It's all about growing in the right way, by putting measures in place that will support your business as you expand and give you the tools you need to excel.

The six signs of a grown up business

In this guide, we are going to outline the top six things that signal to us that a business is growing up.

To us, this means that they are leaving infancy behind, along with its haphazard approaches and make-do-and-mend processes, and approaching adolescence – the phase in which businesses begin putting in place the grown up infrastructure they need to support their growth and reach a new phase in their development.

Grown up businesses:

- 1 Don't micromanage
- 2 Invest in software that will grow with them
- 3 Implement scalable processes
- 4 Don't have knowledge silos
- 5 Know when they need help
- 6 Have thought about the end game.



In the following pages, we'll explore each of these characteristics in more detail and provide you with some pointers on building a grown up business.



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Grown up businesses...

1 *don't micromanage*



When a business is just starting out, it is likely that the owner or director will be doing a lot of the work themselves – usually out of necessity more than anything else. As their business grows and they take on new people, however, many business owners may still find it hard to 'let go'. There are a few common reasons for this:



For example:

- They think they can do the task better themselves
- They are afraid that the delegee will fail
- The task process has not been properly communicated or documented
- They fear the loss of control that may accompany the delegation of the task
- They feel it would take too much time to train somebody else.

It's completely understandable why many business owners and managers have trouble delegating. They have put their blood, sweat and tears into their business and don't want anything to go wrong.

However, hoarding tasks or micromanaging will inevitably stunt business growth. That's because this type of behaviour depends on the business staying small enough for the owner to continue overseeing everything that's going on.



How to become a delegation pro

A much cited 2015 study from management consulting firm Gallup found that CEOs who were good delegators generated 33% more revenue than those with poor delegation skills.

So, how can you let go of control and become a better delegator?

- 1 Get comfortable with feeling uncomfortable. If you are new to delegation, then letting go of tasks you are used to doing is not necessarily going to feel pleasant. Keep in mind that short-term pain can lead to long-term gain.
- 2 Accept that people will make mistakes and foster a culture that embraces failure as a learning opportunity. It is better for your delegee to make a mistake and learn from it for the future, than it is for you to continue wasting your time on a task you don't need to be involved with.
- 3 Invest time in training. A training session might take longer than simply performing a task yourself – but think of the hours of your time you will save down the line.
- 4 Document your processes. If everything exists inside your head, then nobody else will ever be able to perform the task to your satisfaction. After all, even the best of employees aren't mind readers!
- 5 Recognise a job well done. If your delegee has done well, say so! Acknowledging people's achievements is very encouraging and will provide motivation to do an even better job the next time.



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Grown up businesses...

2 invest in software that will grow with them



We've been supporting businesses to professionalise their financial management for over three decades, and if there is one thing we cannot recommend enough, it is to invest in systems and infrastructure that your business can grow into – not out of.

What do we mean by this?

Well, let's use an example from our own business. When we start working with a lot of our clients, they are still using entry-level accounting software like Quickbooks, Xero or even (the horror!) a Microsoft Excel spreadsheet. The trouble is that, once a business gets to a certain size, these entry level solutions start struggling to keep up. The business's needs become increasingly sophisticated, meaning they need sophisticated software and systems to match. And that is going to come with a price tag attached.

Enter iplicit, the cloud-accounting software for mid-sized businesses that we use for all our clients. It's likely that when we initially migrate a client across to iplicit, they will not need all of the functionality it offers. They might not even need the majority of it.

So why on Earth would anybody pay for something they don't need?

Well, as our clients grow and their needs become more complex and sophisticated, iplicit's functionality really starts coming into its own. Suddenly, our clients are asking for more in-depth and complex management accounts to facilitate their decision-making processes, or perhaps they'll start using iplicit's automation facilities to drive efficiencies in their business and smoothly scale up their processes.



See it as an investment

As the saying goes, you have to speculate to accumulate. In order to make the successful leap to maturity, business owners should be open to investing in technology that will support them not just now, but years into the future.

If you're considering a certain system or solution but aren't sure whether to invest, most software providers will provide demos or free trials that allow you to test out the product before you purchase.



For example, iplicit offers an in-depth webinar showcasing a thorough look inside the system, enabling businesses to establish whether it would be relevant to their organisation. We also give our clients a comprehensive tour of the system as part of the prospecting and onboarding processes.



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Grown up businesses...

3 *implement scalable processes*



When we start working with them, many of our clients are growing fast. But they're growing too fast for their existing systems and processes to cope with. In fact, they're barely hanging on from day to day and things feel out of control.

Almost invariably, they're not coping as well as they should be because their operational processes aren't scalable. Many of these processes were put in place when the business was established and are now completely unsuitable for a larger organisation.

But what do scalable processes look like in practice?

A grown up business that has scalable processes will be able to continue using those processes no matter how large the business grows.



A scalable process:

- Is standardised across the business
- Is documented
- Is decentralised – it doesn't rely on one person's knowledge
- Can handle increased volume
- Doesn't create bottlenecks
- Is often facilitated by software and automation
- Doesn't increase in cost as the business grows.



Building a scalable workflow in three easy steps

1

Step 1 The first step of implementing a scalable process or workflow is to understand what isn't working with your current process. If the process only exists in somebody's head, it should be fully documented as a first step.

For example:

- Do several people need to approve a certain step, leading to inefficiencies and delays?
- Does it rely on manual data input, thereby increasing the risk of human error?
- Do all your employees go about this process in a slightly different way?

2

Step 2 Once you understand where the inefficiencies lie, you can work out how to eliminate them. If the need for approval is causing a bottleneck, you might build a limit into your new process up to which approval is not required. Or, if manual data input is taking too long and leading to mistakes, automating this process is probably the answer.

3

Step 3 However you decide to solve the problems you identify, the next step is to invest in the right tools. For us and for our clients, that tool is iplicit. It integrates seamlessly with other systems, allows us to build customised workflows based on how each individual client functions, and facilitates the automation of a wide range of administrative tasks.



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Grown up businesses...

4 *don't have knowledge silos*

Picture the scenario: Graham from the accounts department is on holiday and the team has suddenly realised that nobody else in the team knows how to issue an invoice. Cue a scramble to find some kind of training document in the team folders, all the while asking one another whether they think it would be OK to text Graham even though he's on holiday in Spain with his family.

This is an example of a knowledge silo

When a business is in infancy, there are many reasons why knowledge silos develop:

- Processes aren't properly documented
- There is no centralised system for information sharing between individuals and teams
- There is no formalised onboarding process for new personnel
- Different departments don't communicate
- A competitive culture discourages information sharing
- Company leaders fail to communicate with employees about the company's overall vision, objectives, values and procedures.

Breaking down knowledge silos

Destroying the knowledge silos that exist in your business can have a myriad of benefits. Better information sharing can reduce the need for unnecessary meetings, minimise task duplication and foster a better working relationship between individuals and teams.

And here's how to do it

- 1 We're probably starting to sound like a broken record here, but the first step is to invest in proper, grown up systems that will facilitate cross-department collaboration and information sharing. Cloud-based collaborative platforms and document sharing software like monday.com or Google Drive can be a great help in breaking down organisational silos once and for all.
- 2 Establish overarching business goals that are separate to departmental, team or individual goals. When employees are motivated solely by individual or team goals, this can create a competitive culture that promotes secrecy and knowledge hoarding. Creating goals for the whole business to work towards encourages collaboration and rewards people for working together to achieve the same objective.
- 3 Foster a culture that embraces and rewards collaboration. This might mean investing in company training, workshops or team-building days, incentivising employees to collaborate (via, for example, a bonus for achieving a shared business goal) or introducing regular cross-functional meetings.



Grown up businesses...

5 know when they need help



It can be hard to admit that you don't know it all. But every business owner will at some point run into a challenge that they can't resolve alone. Or, we should clarify, a challenge that they could try to resolve alone, but don't really have the expertise or time to tackle satisfactorily.

Perhaps they need to get more customers through the door, but they're reluctant to 'waste' money on marketing.



Maybe the financials are becoming ever more complex, but they are still using the same part-time bookkeeper as they were when their turnover was a fraction of what it is now.

Or perhaps their growing customer base means that customer service demand is far outweighing what their overworked in-house team can possibly provide.

In cases such as this, there are two approaches that businesses will commonly take:

1 They will baulk at the cost of hiring new staff, investing in tech or outsourcing to a professional agency, and continue doing exactly what they are already doing.

2 They will recognise that something needs to change and take steps to invest in the future of their business, whatever that might look like.

A grown up business is capable of looking beyond the immediate cost of hiring in new expertise or outsourcing to a professional agency, and understand that this investment in their business could unlock growth opportunities that they would be unable to access by themselves.

At Insight Associates, for example, we work with growing businesses who are approaching a new stage in their development. They know that their finance department is no longer fit for purpose and that's why they come to us. The factor that separates businesses who are ready to grow up from those who aren't is that the former group see our services as an investment in their business, whilst the latter see us as a cost that will have an impact on their bottom line. Our clients work with us because they are investing in the resources they need to take their business to the next level.



So, how do you know when you need help?

The biggest sign that your business needs a bit of help is when the balls start dropping. For example:

- You're seeing an increase in customer service complaints
- Your team is overwhelmed
- Deadlines are getting missed
- Growth is stalling
- You're experiencing cash flow issues
- You're not hitting targets.

It can take a lot of courage to put your hand up and admit you need help – but we promise, it's the best thing you can possibly do for your business's long-term success.



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Grown up businesses...

6 have thought about the end game

For example:

1 Any buyer doing their due diligence will want to see several years' worth of detailed, clean and dependable financial records. You will need to ensure you have the right systems in place to deliver a comprehensive level of reporting and the expertise to interpret that data.

2 If you are selling to an employee or transferring the business to a family member, they will require training to help them develop the skills they will need to take up the mantle.

3 Actively work with your accountant, financial management team or finance director to increase the value of your business. Set ambitious financial goals for growth and dates by which you aim to accomplish them.

4 You will need to thoroughly document all the important information about your business, including your various policies and procedures, employee information, supplier contracts, etc.

5 As you get closer to your anticipated exit date, start removing yourself from the day-to-day operations of the business. This will reassure you before you let go of the reins completely that the business can survive without you.

Considering your own end game

It may seem very early to be thinking about the future of your business without you in it, but starting to plan now means that you have years to prepare, slowly steering your business into the best possible position to succeed.

So, what are the options?

Your endgame will depend on your business's particular situation and the people involved in running it. Some options might include:

- Transferring your business to a family member
- Selling your business to an employee/employees
- Selling to a third party
- Selling your share in the business to a partner or investor
- Winding the business down
- Setting up an Employee Ownership Trust (EOT).

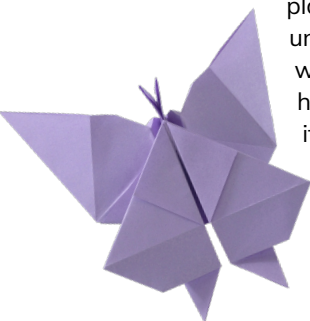
Whatever exit strategy you choose, remember that you can't sell yourself when transferring or selling your business – you can only sell a system. In other words, you need to make yourself redundant to derive any true value from your business.

Remember, even if it feels far too early to start thinking about these things, transferring your business to another party will require significant preparation in order to ensure success – which can take many years.

When you first started your business, you were probably so focused on getting to the end of the day, the week, the month, and then the year intact that you had no time to think about what it was all actually for.

There was no plan for the future, no end game in sight. You were just focused on securing the next sale, finding the next client or meeting whatever other challenges that particular day may have held.

This way of working may suit you in the here and now, but what about 10 years from now? 20 years? 30? Having an endgame plan will not only allow you to understand what you actually want to get out of all this hard work you are doing; it will enable you to set defined goals and objectives to work towards and add purpose to your business endeavours.



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intelligent financial management for ambitious businesses



At Insight Associates, we specialise in working with businesses who want to grow up, but perhaps aren't quite sure how. They understand that things need to change and that they are outgrowing the current financial systems and processes they have relied on thus far. They are willing to put in the time and investment required, and they accept that things will have to change fairly drastically in order to get them where they need to be.

iplicit is a key part of that process. A cloud-based accounting software for mid-size businesses, iplicit represents a huge step up for most of our clients in terms of both functionality and reporting capabilities.

As painful as it can be to feel like you are losing control and to let go of previous systems and ways of working, what our clients get back on the other side is so much better. In fact, they have more control over their finances and data than they ever thought possible. They can make confident financial decisions based on meaningful, comprehensive reports. Their team suddenly has so much more time because the burden of time-consuming, repetitive administrative tasks has been lifted. And they have access to strategic advice and expertise to help them make sense of it all.

If you'd like some help in becoming a grown up business and are willing to make the leap, then Insight Associates is here to help. To discuss our services and your business's needs, please do call us on 01279 647447 or email info@insightassociates.co.uk.

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