

"A MUST-READ BOOK FOR ANY ASPIRING ENTREPRENEUR."

James Caan, founder and CEO of Hamilton Bradshaw, former investor on *Dragons' Den*

FROM VISION TO EXIT

The Entrepreneur's Guide to
Building and Selling a Business

GUY RIGBY

FOREWORD BY LUKE JOHNSON

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Praise for *From Vision to Exit*

“An **excellent primer** ... I commend this book to both those who are already running an established business, and those who are minded to start one and become their own boss. It is written in a practical style, **full of useful tips** and pertinent questions. It is a manual that can be used very much as **a reference source**, to be dipped into when needed.”

– Luke Johnson, chairman of Risk Capital Partners, former chairman of Channel 4 Television

“*From Vision to Exit* is **a must-read book** for any aspiring entrepreneur.”

– James Caan, founder and CEO of Hamilton Bradshaw, former investor on *Dragons' Den*

“I am often asked for advice about starting a business and I was thinking of writing it all down. Guy has saved me the effort. **I will just hand out a copy of this book.**”

– Nick Jenkins, founder of Moonpig.com

“An excellent work. A story of vision, passion and the journey through growth and exit. Immensely helpful and practical. **This book's got it all.**”

– Wilfred Emmanuel-Jones, The Black Farmer

“If you want to run your own business, you need to read this book. I thoroughly recommend it!”

– Rowan Gormley, founder of Naked Wines

“I wish I’d read this book before I started my entrepreneurial journey – I might have made it to the beach already.”

– James Lohan, founder and CEO of Mr & Mrs Smith

“As someone who has chaired nearly 500 roundtable discussions with Britain’s most successful entrepreneurs, I know it’s not easy to assimilate best practice into a book. Guy has managed to combine current insights and anecdotes with great, practicable tips. This is the book I wish I’d written: Guy’s saved me the trouble. This should be essential reading for any aspiring, high-growth entrepreneurs.”

– Duncan Cheatle, founder of leading entrepreneurs club The Supper Club and the Prelude Group

“A definitive handbook and guide. Everything you’ll ever need to know about building and selling a business.”

– Kevin Stopps, managing director of Smith & Williamson

“I only wish this book had been around for me to read before setting off on my entrepreneurial journey. A very thorough and informative book that covers every aspect of going it alone.”

– Kanya King, founder and CEO of MOBO Awards

“Guy Rigby’s new book is full of practical advice and **covers everything an entrepreneur would need to run their business successfully. Highly recommended!”**

– Mike Southon, *Financial Times* columnist, best-selling business author and entrepreneur mentor

“A must-read tome for any aspiring entrepreneur. **Guy unpacks entrepreneurship in an enjoyable, fascinating manner.”**

– Julie Meyer, founder and CEO of Ariadne Capital, founder of Entrepreneur Country, co-founder of First Tuesday

“A top class explicit guide about **how to navigate the rollercoaster ride of succeeding as an entrepreneur.”**

– Peter Winslow, Group CEO, BGL Group Ltd
(BGL Group are the owners of comparethemarket.com)

“This book is a **business masterpiece and its principles will be sustained through the generations. I would **recommend it to anyone** seeking to be highly successful in business. Not only has the author provided a comprehensive guide to creating business growth, he has also given us invaluable insights into the experiences of many of the world’s most successful entrepreneurs.”**

– Shalini Khemka, chief executive, The London Entrepreneurial Exchange

“This is a **MUST read for fellow entrepreneurs on the journey. Full of pragmatic experiences of how to accelerate growth in**

your business. Reading this **will seriously enhance your profitability** and your wealth.”

– Sir Eric Peacock, chairman of Baydonhill FX, entrepreneur and serial non-executive director

“**This book will be invaluable** to any entrepreneur in a start up or existing business. It gives **instantly useful, practical insights** on every important element of making a business successful and is firmly rooted in the deep experience of Guy and fellow entrepreneurs. It will prove of benefit to many a business.”

– Alex Cheatle, CEO of Ten Group

“Guy has managed to combine **years of practical experience**, an extensive knowledge of the financial world and pragmatic advice into one easy-to-read volume.”

– Neal Gandhi, serial entrepreneur and investor

“To a hungry entrepreneur, this book is an invitation to **a lip-smacking smorgasbord** upon which to feast. Easily digestible, never dry, stuffed with sage anecdotes and wit, it can be devoured in one full-fat sitting, or you can pick and mix from the menu, depending on your appetite. The tasty top tips at the end of each chapter should become the staple diet of anyone wanting to run a healthy, growing business. It deserves a Michelin star. **Bravo.**”

– Tristram Mayhew, founder and Chief Gorilla, Go Ape!

**FROM
VISION
TO EXIT**

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The Entrepreneur's Guide to Building and Selling a Business

By Guy Rigby

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ABOUT THE AUTHOR



Guy Rigby is a chartered accountant and an entrepreneur. He is a natural and driven enthusiast who built and sold his own accountancy firm, as well as pursuing other commercial interests. He has been a director and part-owner of a number of different ventures, including businesses in the IT, property, defence, manufacturing and retail sectors. In an unusually varied career, he has been the senior partner of two accountancy firms, a finance director, a sales and marketing director and an advisor and mentor to many entrepreneurial businesses and their owners.

Guy now leads the entrepreneurial services group at Smith & Williamson, the diversified financial services group. His day-to-day activities include advising entrepreneurs and their businesses and coordinating Smith & Williamson's activities in this vibrant and exciting market.

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The idea for this book was born on a pavement near Tower Bridge in the City of London. “Why not write a book? It’s easy!” said Neal Gandhi, entrepreneur, author and founder of Quickstart Global.

So thank you Neal! It’s been a fascinating, challenging and soul-searching journey, during which the entrepreneur’s mantra – ‘never, ever give up’ – has been tested to its limits.

But with the support of friends and colleagues, clients past and present, contacts, publishers and family, we made it.

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To my publishing team at Harriman House. Myles, Chris, Suzanne and Louise, it has been a pleasure working with you to bring this book to fruition.

And finally, to my wife Nicky and our family, Oliver, Katie, Lucy, Camilla, Simon and Freddie. Thank you for allowing me this latest indulgence. You light up my life and this book is dedicated to you all.

FOREWORD

By Luke Johnson

“An excellent primer for any entrepreneur ... offers the most tremendous value”

This book is an excellent primer for any entrepreneur. It covers an extraordinary range of topics, from writing business plans and pitching to investors to how to achieve international sales. Guy Rigby is the ideal author for such a guide: he has been a business owner and advisor to companies for decades, and brings vast hands-on experience to the task. He is also a qualified accountant, which means the chapter on financial matters has special rigour.

I commend this book to both those who are already running an established business, and those who are minded to start one and become their own boss. It is written in a practical style, full of useful tips and pertinent questions. It is a manual that can be used very much as a reference source, to be dipped into when needed. Guy includes countless relevant examples and quotes from well-known entrepreneurs, ranging from Julie Meyer to James Caan to Richard Branson. They all provide good advice.

I have always believed a sound business book like *From Vision to Exit* offers readers the most tremendous value, compared to very expensive experts who typically charge hundreds of pounds an hour to provide essentially the same information.

Anyone managing a company or founding an enterprise needs all the knowledge they can get. Guy's words help fill the gap. An entrepreneur's journey is not an easy one, but I believe that for most the sacrifices are worthwhile – not simply for the financial rewards, but also the creative ones. Moreover, Britain needs as many entrepreneurs as possible right now, to help revive the economy and create new jobs, so tackling the misery of unemployment.

So good luck to every reader – I am sure you will find some valuable nuggets in these pages.

Luke Johnson
2011

Luke Johnson is the chairman of Risk Capital Partners and the former chairman of Channel 4 Television. Luke also writes a weekly column for the Financial Times and wrote for the Sunday Telegraph for eight years.

His new book, Start It Up: Why Running Your Own Business is Easier Than You Think, was published by Penguin in 2011.

INTRODUCTION

Great ideas are two a penny, but great businesses are rare. Growing a great business involves intuition, skill and stamina, with significant challenges to be tackled along the way.

Businesses that achieve scale and long-term success share distinct characteristics: vision, strong leadership, an enthusiastic and effective management team, great products or services and a clear value proposition. These businesses typically challenge the status quo, finding a better or different way to achieve their goals and overcome their competition.

Some entrepreneurs have an innate ability to manage this process, but others have to fight harder for their success. Having worked as a mentor and advisor to entrepreneurs for over 25 years, I've seen success and failure, joy and despair. I've witnessed good-luck stories and horror stories. At the end of the day, with only the very occasional exception, there are clear reasons why businesses succeed or fail.

Just as great ideas don't amount to much if they are poorly planned or executed, businesses don't succeed if their strategy is flawed, or if their business model is unsustainable. An idea is nothing without effective

treatment. Strategies must be achievable and adaptable. The potential in a great idea, market or team can only be realised if an assortment of variables function harmoniously and efficiently together.

These experiences have driven me to write this book. It's not just a book for start-ups, although much of its content is relevant to them. Its main purpose is to help established businesses – those that have already overcome the initial obstacles of foundation. It recognises that if you want to build a great business, there are a host of things you'll need to control and do better than anyone else.

Successful entrepreneurs understand that there's no need to embark on a long and uncertain voyage of discovery; plenty of people have been there before. The trick is how to shorten the learning curve, how to divide the business into its core elements and functions and how to maximise the opportunities in each area. In almost every case, there will be a better, more efficient or more profitable way. So here's my motto – *if it isn't broken, break it!*

This book recognises that business is challenging and that for the majority of entrepreneurs the odds are stacked against them. Alarming failure rates (over 50% of early-stage businesses fail within five years) may be discouraging, yet it is small and medium-sized enterprises (SMEs) that power the global economy. They employ more people than any other type of organisation, and the high-growth businesses amongst them create the majority of new jobs.

“What turns pain into growth is how you make decisions, how you manage, how you balance management and how you cope with stress,” explains the author of *My Digital Footprint*, Tony Fish. It is these areas, among others, that I have attempted to cover in this book.

There's a huge amount to be encouraged about. Many SMEs are dynamic, innovative and insightful. These businesses, together with their owners, are flexible enough to adapt to market shifts and can react with speed to whatever opportunities or threats are levelled at them.

But in an increasingly competitive marketplace, they can also face strong headwinds. To stay ahead of their competition, they must communicate a clear vision, develop their markets, build their brands, achieve targets, improve processes and secure and maintain their supply chains. And they must do all this without running out of cash.

Fortunately, an instinctive desire to learn from the experiences of others is a key success driver. All the more reason, therefore, for a truly definitive, practical and comprehensive guide covering almost every business area to help SMEs navigate the minefield of growth.

In the process of writing this book, I've quizzed leaders in their field and consulted with successful and inspirational entrepreneurs. The upshot, I hope, is an authoritative and definitive 'how-to' guide which delivers a road map for growth, a framework for improvement and a blueprint for business success.

Guy Rigby
2011



CHAPTER 1

Strategy: Part One – Vision, Strategy and Tactics

“Luck is when preparedness meets opportunity.”

– Earl Nightingale

Having a great strategy will not necessarily lead to business success, but a poor one will almost certainly prevent it. Strategy goes to the heart of a business, determining direction and the actions you take on a day-to-day basis. Get strategy right and your business will probably fly. Get it wrong and, even if you survive, you will forever be pushing water uphill.

Notably, the word ‘strategy’ is of military origin, derived from the Greek word *strategos*, which roughly translates as leader or general. It refers to a plan of action to achieve a particular goal, acting as a guide and dictating both direction and scope. In business, strategy embodies our vision of where we are heading and how we will get there, aligning our intentions with our expectations and values.

As David G. Thompson, author of *Blueprint to a Billion*, says, “the journey to achieving exponential growth – across, up, and down economic cycles – is rarely a smooth one.” For this reason, it is essential to have a well-defined and carefully considered strategy. It needs to be capable of guiding you through the ever-changing business landscape towards the goals you want to achieve.

Strategy is shaped by our knowledge, experience, relationships, resources and competencies and our assessment of the best way to leverage these; it is shaped too by our vision and values. Strategy is always emergent, responsive to market conditions and customer needs and altered by fresh opportunities and threats.

Once you've determined the overall strategy for your business, you'll need to consider your sub-strategies. For example, there is operational strategy (how you organise your business in terms of processes, resources and people), product strategy (how you will source and deliver your products or services), marketing strategy (how you will raise awareness and stimulate demand) and financial strategy (how you will structure and finance the business). In short, strategy has an important part to play in every area of your business.

So how do business leaders create successful, workable and achievable strategies for their businesses?

For me, there are three key stages:

1. **Vision:** The vivid mental image and perception of your end game. Knowing where you're heading and being able to see the destination in your mind's eye.
2. **Strategy:** The direction you'll follow to pursue your goals and achieve your vision over time.
3. **Tactics:** The actions you'll take daily to assure the delivery of your strategy.

Envisioning a worthwhile future has long been a key motivator for successful business leaders. They use it to develop their strategies and tactics to bring their vision to fruition.

Amazon is a great example of this. Despite investors thinking he was crazy, on realising in 1994 that web usage was growing exponentially, Jeff Bezos's view of the future of e-commerce was clear. His founding dream and vision was to become the best retailer on the internet and "build a book store with universal selection"; a store without walls that he hoped would become "Earth's most customer-centric company".

His belief in this vision was so strong that he resigned from his highly paid job to establish Amazon.com and sell books over the internet. The site subsequently became the largest retailer on the internet and a point of reference for all online retailers. Amazon has seen an astounding rate of growth, with well over 100 million customers worldwide buying everything from books and music to clothes and DVDs. This is because Jeff Bezos didn't just dream his vision – he also created a strategy and deployed tactics to implement it.

The strategy was twofold, offering both an improved choice and experience and, crucially, cheaper prices. Recognising that the fundamental problem with a traditional book store was the size-imposed limit on how broad a selection of books it could stock, his strategy involved creating a store without walls on the web, boasting a universal and almost unlimited choice. (Whilst high street book shops could, like Amazon, order any book requested by a customer, they could not display them all.) This was combined with an interactive online environment, providing a speed and sophistication of service that superseded anything a traditional book store could offer.

His specific tactics included building an unrivalled payment platform, offering purchasing recommendations based on consumer-buying habits (and the buying habits of consumers with similar tastes) and, ultimately, focusing on the customer experience above all else.

So what's *your* vision? What's *your* strategy? And what are *your* tactics?

Thankfully, there are many tools and guides to help you devise an achievable and workable strategy and many tactics that will bring your strategy to life. We'll explore some of these later in this chapter, but the first thing you'll need is vision.

Vision

Developing a strategy and then working out how to reach your goals isn't easy. However, it's far more achievable if you have a clear vision of the future. The tactics you use along the way may involve experimentation and change, but vision is a constant. So it's important to begin with the end in mind.

Henry Ford turned his dream of the future, producing a “car for the masses”, into fact. Bill Gates visualised “a computer on every desk and in every home”. Boeing's Bill Allen dreamt of a jet-powered passenger aircraft. The business world is littered with entrepreneurs who based their strategies around their own long-term visions. Great leaders visualise and strategise. They consider the ideal and the real side-by-side, simultaneously mapping out idealistic and realistic eventualities in order to build successful, sustainable enterprises.

Strategy

If your vision is clear, it's time to consider the strategies you will develop to achieve your goals. You'll need to get all of the pieces on the table to complete the jigsaw, so here are some of the places to start:

- research and gather knowledge about your market
- open dialogue to gain insight and understanding
- assess and analyse your current business position.

Research and gather knowledge about the market

Most successful entrepreneurs build businesses based on their passion or experience. They already know a huge amount about their market or have had direct experience of working in it over many years, noting the inefficiencies and opportunities. They create businesses in areas they understand. And that remains their focus. How many times have you heard of entrepreneurs 'going round again' whilst remaining in the same industry?

Robert Wright, an entrepreneur and alumnus of Cranfield Business School, started his career as a pilot with British Airways. He then founded and sold two airline businesses – Connectair to International Leisure Group and CityFlyer to British Airways. Following these successes, he became a director and founding shareholder of Wizz Air, a low-cost Eastern European airline. He has stuck to his *métier*, pursuing opportunities in an area which he understands and in which he has been working all his life.

So experience helps – but new opportunities emerge and it's not impossible to break into new markets. To do so, however, you will need a strong blend of insight, data and knowledge.

“Knowing what products and services are being offered, how they've developed over time, what the current issues are in the marketplace ... having this detailed knowledge enables you to see the opportunities for materially high growth,” says Sir Eric Peacock, an experienced chairman who has bought and sold many businesses, including Babygro Plc.

Kodak is an example of a company that spent a huge amount of time and effort studying the behaviour and needs of consumers as it launched its digital strategy. It discovered that women in particular enjoyed taking digital photos,

but moving those images onto their computers was an area of frustration for many. This unmet requirement created a huge opportunity and they set about improving their offerings to entirely remove this frustration. They created printer docks and other products with one strategic focus: to make it easier for consumers to share digital photos. They identified the issues and opportunities in the marketplace that would maximise the success of their digital strategy. (We'll look in more detail at Kodak's shifting strategy in Chapter 3.)

Open dialogue to gain insight and understanding

Talking to customers and suppliers is crucial. It's important to fully understand what they want and need, what they are doing now and what their plans are for the future.

Such a dialogue is something which Piers Daniell, IT expert and director of independent telecommunications carrier company Fluidata, views as critical for his company.

Part of his strategy has focused on customer engagement, not only to demonstrate his own products and services, but also to learn about his customers' businesses and the issues they face on an individual basis. His future depends on their future. "From our perspective, we can't grow if they're not growing," he says.

Through this dialogue with his customers, Piers discovered that they were asking for products that Fluidata didn't offer. So he decided to become a supplier to his suppliers and competitors – a bold move but one that has afforded him worthwhile growth. He did this by entering into a joint venture with his supplier in order to offer a wholesale product to his competitors.

"This means we're in the fortunate situation where we grow irrespective of what our principal customers do. If we lose business to a competitor we will hopefully still win overall, because we will often get that custom or revenue back through our supply chain." Intuitive and unusual, to say the least, and not a direction he would have thought of without developing a strong feedback strategy.

Talking to customers will often reveal their challenges and lead to potential growth opportunities. By addressing market sectors that are under-served and identifying these unmet needs, you can create a winning strategy for growth.

Consider how your customers' needs are not being met by identifying their pain and their frustrations. Is there a need for more flexibility in their contracts? Do they want more products or services of a certain type? Do they need a better quality of after-sales service? Is there some part of their business that they should be outsourcing? Are they over-dependent on certain key suppliers?

If so, can you satisfy any of these needs? Can you fix the pain by doing something better, faster or cheaper? Or can you add value around the relationship as a whole, enabling you to increase your own share of the available business and grow?

By talking to customers (and in Piers's case, his competitors) and doing whatever you can to see things from their point of view, you can redefine markets, uncovering unique or improved value propositions to gain real competitive advantage – the critical success factor in any sustainable strategy.

“Too many people think we can't talk to our competitors because they might get an advantage over us. But actually, when you look at the size of a market and what your business contributes to that market, there's still tremendous growth there for everybody.”

This is echoed by Penny Power of Ecademy in her book on social networking – *Know me, Like me, Follow me*. She argues that, with modern communication tools where everybody can find out about everything, it is no longer appropriate to be “closed, selective and controlling”. Instead she believes in communication that is “open, random and supportive”, gaining the respect and trust of the community. It's the way the world is going.

Severin Schwan, CEO of leading pharmaceutical and healthcare innovator Roche, has used collaboration strategies and dialogue to help him take steps towards changing the face of healthcare into “personalised medicine” that is customised to individual needs.

His vision is being fulfilled through a strategy of knowledge acquisition using research and dialogue. By its very nature, as one of the world's greatest knowledge-based healthcare companies, Roche does its homework well. It tests and trials; it researches, analyses and diagnoses. The ethos of digging deep to gather knowledge is echoed in its future planning. Schwan's insight came from a combination of research, talking to people on the frontline and his own in-built knowledge of the company and industry. “I'm not interested in PowerPoint presentations,” declares Schwan, “but prefer to go to the source.

You can learn a lot from people in a true dialogue.” And Roche is the only place Schwan has worked since his first day as a trainee finance officer.

With the knowledge gathered and digested, Schwan created a strategy to bring his vision to fruition. He would achieve it through collaboration between researchers from pharmaceuticals and diagnostics teams, through targeted acquisitions of diagnostic testing companies and by boosting his R&D spending. He opened dialogue with everyone in the chain and created a clear plan which outlined the actions he needed to take.

Consequently, Roche became the world’s most profitable drug-maker. Its results since Schwan took the helm speak for themselves – evidence that his vision and strategy are working.

Leading with your team

But dialogue in the wider market is only part of the solution. What about your own team? It’s all very well leading from the front but it’s better when the troops are up alongside you. Getting too far ahead can bring isolation and danger, as well as apathy and disillusionment in the team.

We’ll talk about the importance of strong management in Chapter 9, but it’s worth mentioning the difference between leadership and management here. Whilst leadership is about doing the right things, management is about doing things right. It follows that strategy is more aligned with leadership, but how can this be developed in an inclusive and beneficial way?

When it achieves scale, every successful business will have a strong leadership team. These are typically board directors who meet regularly to discuss the business’s activities and performance. In growing businesses, structures may be less formal but there will normally be key staff that the business relies on for its well-being and success.

In my view, strategy should always be developed in conjunction with your senior team. Not only will this avoid isolation but it will also add insight (there is no monopoly on good ideas!), gain buy-in and, ultimately, spread a wider understanding and purpose across the business. It will also serve to reality-check your plans in a way that you would be unable to do on your own. It’s therefore essential to allocate sufficient time at management meetings to discuss and debate the big picture.

And what about your employees?

How do you get them on board? Do they understand where the business is going and how they can help? Have you given them a roadmap to show them the way?

To translate your strategy into organisational action you will need to communicate it well. Successful implementation will therefore come down to your leadership style and the effectiveness of your management team. Remember that this need not be difficult. With a good strategy and a committed management team, the energy and enthusiasm should be infectious!

There will, of course, be challenges. Communication channels must always be open, with strong alignment across functions, departments, business units and geographical locations. But when your team is excited about your business's future, you are well on the way to success.

So where do you start?

Assess and analyse your current business position

Always begin at the beginning. By examining the wider environment in which your business operates, by considering your strengths and weaknesses, as well as your opportunities and threats, you will be far better positioned to create a sustainable, long-term strategy.

So consider what's working in your business and what's not. Be objective and consider what you need to change to improve the business and its prospects. Remember that if you keep turning the same handle, you'll get the same result.

Ask yourself some difficult questions. For example, here are just a few around sales:

- Is your product or service fit for purpose?
- How could it be improved?
- Is your pricing competitive?
- Is there a demonstrable need and sufficient demand?
- Is it scaleable?

- How do you stand out from the crowd?
- Do you have loyal and reliable customers?
- Are you making an acceptable margin?

If you can't answer these questions satisfactorily, don't just put them at the bottom of the pile. Get your senior team together and consider what needs to change. Even if you can answer them satisfactorily, banish complacency and look at what can be improved.

Being a perfectionist can pay off. Clive Woodward, manager of England's successful World Cup winning rugby team, famously said that when his team won a match, they would go back to the classroom, work out what they did well and how they could improve on it. If they lost, they went to the pub!

By assessing and analysing your current position, key themes and opportunities should become apparent. What is your competitive advantage? Are global markets and exports important to you? Do you have sufficient resources? Do you have the competencies and capabilities to grow a great business? Ask yourself what's missing. The questions will differ from business to business. But examining them in detail will enable you to fill the gaps.

Tactics

Successful businesses don't just have a strategy, they have a strong and executable plan. They recognise that even the most well-developed strategy will achieve nothing without effective execution. Without action, vision remains in the imagination – an empty promise. It is therefore critical to establish your tactics, i.e. how you will implement your strategy.

“Too many people focus on what or why rather than how they intend to achieve something in terms of the actions they need to take to make something happen,” says James Caan, a successful entrepreneur and CEO of private equity firm Hamilton Bradshaw.

So what specific tactics should you deploy?

Your business may already be hugely successful, in which case it may simply be a question of turning the same handle (but remember Clive Woodward's philosophy) or you may still be wondering how you will achieve that success. If the latter, and you haven't got your vision and strategy worked out, you

should go back to the drawing board. But if you have, then it's simply a question of tactics.

Let's assume you have an established consultancy business that has been operating for many years. You have a good track record, capable management and a supportive staff. So far, so good.

However, you know that the business could do better and you are frustrated by the gap between its actual and potential performance. You recently had an enlightening discussion with the CEO, now retired, of one of your client companies. He highlighted a need for advice in an area that you hadn't even considered – a variation on your service but still within the core competency of your business.

You realise that using your expertise in this new way could revitalise your performance and enable you to significantly grow your market share. Suddenly everything has changed. The enthusiasm returns and you set about how you can deliver this new and exciting opportunity.

So what do you do? You build a tactical plan to develop and market the new service, whilst maintaining your existing business and keeping an eye on any dangers this may present. In simplistic terms, it might look something like this:

- raise the opportunity with your senior team to obtain their insights and views
- consider the demands on your resources – particularly management time and cash
- commission research amongst your clients to assess potential demand
- consider commerciality and scalability
- design the new service according to feedback received
- test the service on a friendly or existing client
- tweak and finalise the service and pricing
- explain and promote the new service to your internal team
- train your staff to sell and deliver the service
- use marketing and PR to raise awareness of the service

- consider viral and online strategies
- market the service to both existing and new clients
- monitor performance and profitability.

Looking at it like this, it's completely obvious that each step requires specific actions and that these can be planned and considered in advance. It's not complicated, but many businesses will take a different and far less organised approach. This will often end in failure and may even threaten the long-term viability of the business.

In this example, the business was able to discover a new and exciting opportunity. In most cases, however, it will be evolution not revolution, so your tactics may simply be to do more than you are already doing, and to do it better.

Perhaps your future will be determined by recruiting more people? Perhaps by a change in your business model? Maybe you need to consider your use of technology, perhaps by creating some kind of information engine that will bring more people to you? Perhaps you need to strengthen your sales team? Or perhaps you need to revisit your marketing activities to build your brand and reputation? At the end of the day, it's just a question of identifying what you need to do and how you are going to do it.

As you progress, you'll need to specify targets, identify your critical success factors and consider the key performance indicators you will monitor along the way. I hate mnemonics, but some people use SMART (objectives that are Specific, Measurable, Achievable, Relevant and Time-bound) to check that their thinking is on course.

Ian Marchant, CEO of Scottish and Southern Energy (SSE), has a clear vision of the future – to revolutionise power generation, moving the industry towards clean and green renewable energy supplies. What's more, he identified the alternative and renewable energy trend long before it was in vogue. He used this vision and his own expert knowledge of the market (he started with Southern Electric in 1992) to strategically map out the business's future. Ian knew what his objectives were but, more importantly, he knew exactly what he needed to do to implement his growth strategy. He has focused on the 'what' in order to realise his vision, tactically buying wind farms, power stations and gas-storage facilities.

At the time of writing, his action-oriented tactics have saved his company £10m per annum in waste reduction and led to SSE becoming the largest company in Scotland.

Back to strategy

As we have discovered, a flawed or inferior strategy will usually mean pushing water uphill and potential business failure. So it's got to work and it's got to be commercially viable.

Validating your strategy is therefore an essential part of any plan of action, ensuring commerciality and, ultimately, proving the market demand. While validation may lengthen the journey to market, it's a central part of the process.

According to Julie Meyer – online Dragon, co-founder of First Tuesday, Ariadne Capital and the Entrepreneur Country movement – there are five key phases to consider over the lifetime of a successful business:

1. Concept
2. Validation
3. Commercialisation
4. Scale
5. Exit

Your go-to-market strategy will focus on the first four of these. We'll cover the fifth stage in more detail in Chapter 19.

“Your strategy has to revolve around your unfair advantage,” says Julie. “And that unfair advantage is not necessarily that you have better technology than somebody else, it's that you have a unique insight into the market, which you've proven; you've demonstrated the market demand.”

So vision paves the way to strategy and strategy leads to tactics. The tactics determine what you do on a day-to-day basis to achieve the vision, so creating a virtuous circle to enable your business growth.

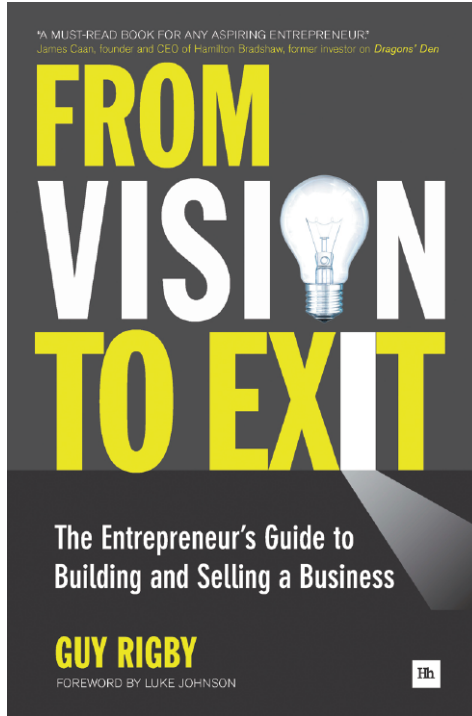
Top tips

- **Adopt a planning horizon** (perhaps three years).
- **Define your vision.** Describe in one or two sentences what you want the business to look like in three years' time.
- **Identify four or five factors that are critically important** to achieving your three-year aims (what does success really hinge on?).
- **Specify targets** for each factor to monitor your progress and confirm that you're on course.
- **Identify your tactics** for year one (important actions that will ensure your future success).
- **Consider things that could go wrong** and include tactics that will reduce or manage these risks.
- **Always involve your senior team** to yield additional insights and ideas.
- **Remember** that a well-developed strategy achieves nothing without **effective implementation**.
- Allocate time at management meetings to **ensure that the big picture is not forgotten**.
- **Be ready to change plans and priorities if circumstances dictate.**
- **Build a sense of direction and energy** by communicating the strategy clearly.
- **Celebrate success** frequently. It's important to enjoy the journey.

From Vision to Exit

The Entrepreneur's Guide to Building
and Selling a Business

Guy Rigby



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