

How Do You Define Growth?

Growing plants is one thing, but what are you doing to grow your business?

BY MARK RICHARDSON

As a business leader seeing relatively aggressive growth for many years, I thought defining growth was relatively easy. It was the way we were growing our business (primarily top line sales with appropriate profitability).

I always thought it was odd that many other businesses did not know or care about their sales growth year over year. Some really smart people even said I really don't want to grow the business more over last year (it sounded like a kiss of death to me).

I finally realized a more important question was not how much do you want to grow but ... how do you define growth? Growth can come in many forms. The definition and approach to growth should be a product of the owner's/leader's motivations and vision not just a business standard.

WHERE DO YOU WANT TO BE?

In three to five years, would you like to be where you are now, still doing just what you're doing now? What about the top players on your team, how would they answer that question?

For most success-oriented people, yearning to grow is normal. But growth can occur in a variety of ways, so it is important to define it both for yourself and for your company, and to then make sure your vision is aligned with how others you work with define growth.

Here are eight ways of looking at growth, which you may want to contemplate.

1. Top-line sales. This is an easy one to watch year to year. If all areas of the business are working properly, that generally results in a healthy profit, which is essential for creating opportunities for key team members.

2. Client base. For some businesses, this may be a critical measure because it can be leveraged for future value. A growing client base also can improve profitability and predictability.

3. Team. This measure is both quantitative and qualitative. If you believe that people are your greatest asset, then a focus on team growth improves and builds on this important investment. Remember that you are a member of the team, too.

4. Profit. Improving short-term profit is generally not too difficult — you can cut costs, improve efficiencies or increase margins. The key to profit growth, however, is performance over time. If you want a sustainable business, then you need to invest some of today's budget and profit in a way that earns future returns.

5. Market share. There are many large companies out there, but not too many of them can claim a major portion of the overall market share. For that reason, a small change — just a percentage point or two — could be huge and would come with real growth pains.

6. Products and services. This has both organic and strategic elements. Organically, as you create new customers, you also discover new products and services that you could be providing to them. Strategically, you also want to reduce risks in economic downturns.

During the last recession, many companies saw their sales and profits drop dramatically; by contrast, businesses that were focused on specialty services dipped significantly less or even grew a little during that period. Adjusting the blend of products and services you offer is always worth considering, although it can be tricky to accomplish.



7. Geographic. New markets are something to consider only if the stars are aligned and bright; that is, you have customers in a new market begging you to work with them, or you have a key team member who is relocating and you want to give that person the opportunity to start a branch office. Generally, the physical distance is an important consideration and it is always best to have a strong plan before executing.

8. Alliances. Though less obvious, potentially the most fruitful growth opportunity is increasing your network of strategic alliances and partners. These can be with key suppliers interested in win-win growth, or with trade partners or related businesses that want to build a synergistic client base. This growth approach can be the least risky and the most profitable.

GROWING THE RIGHT WAY

Imagine increasing your margins, reducing your lead-generation costs, developing more committed relationships, and even having access to a well of business acumen much deeper than you have now.

As highlighted you can look at growth many ways. Most businesses need a blend of these to fulfill the goals.

I'm not saying that bigger is always better. But I am encouraging you to make it a priority to define growth in terms that are consistent with your vision, your values, and your mission. ■

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AD INDEX

ADVERTISER	PAGE
Benary	8-9
BioWorks	7
GPN's Big Grower Executive Summit	14-15
GPN's 40 Under 40	20
Hurst Boiler	17
Jiffy Products	6
MasterTag	2
Premier Tech Horticulture	11
Sun Gro Horticulture	19

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