

SCALE NOW OR NEVER

Blue Anchor Group



HOW TO SCALE A BUSINESS IN THE LIFE SCIENCES MARKET

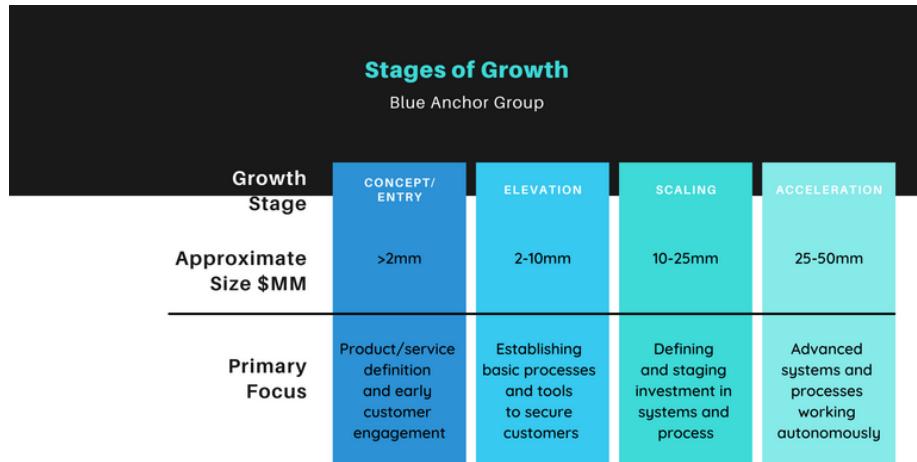
by Roderick Cavin

We all know the figures:

Only 25% of new businesses are successful after three years. The reasons for failure are commonly identified as financial (capital and planning), market awareness (customer knowledge, demand generation, and sales), and sound business planning (leadership, plan, and vision). While these post-mortem reviews are interesting, solving them for a company in the midst of day-to-day operations creates a unique challenge. Balancing the challenges of product or service delivery with the need to build and sustain business processes and tools is a challenge for entrepreneurs. These challenges can be defined and addressed by breaking down business growth and scaling into simple stages and identifying the solutions to each stage.

STAGES OF GROWTH

As companies grow, they pass through predictable stages of growth. Each of these stages require different leadership approaches and unique solutions to avoid overspending (and subsequent cash crunch) and the vision to lay the foundation that supports the next stage of growth.



As firms proceed through these stages, the leadership must address the issues in each stage while ensuring that the foundation is established for future growth phases. Successful businesses focus on five key areas and achieve growth as they move through these stages of growth: financial, sales/marketing, product/service, people, and operational process. Not every area requires the same attention in each stage. For example, product/service definition and sales occupy more effort in early stages while people and processes require more effort in scaling operations. Understanding where a firm is in these growth phases is critical to define the growth strategy

SCALINGS

	ENTRY	ELEVATION	SCALING	ACCELERATION
FINANCIAL	Receipts	Cash and basic budgeting	Financial controls, budgeting	Financial controls, budget, capital
SALES/ MARKETING	Find a customer, close a sale	Customer segmentation, focused sales	Dedicated sales platform, marketing	Customer pipeline management
PRODUCT/ SERVICE	Ad hoc	Definition and packaging	Standardized delivery, scalability	Product plan and expansion
PEOPLE	Owner does it all	"Trusted lieutenants"	Moderate delegation	Delegation and growth
PROCESS	None	Verbal training	Basic process documentation	Formal and complex

Successfully navigating these stages of growth requires a discipline and focus to avoid the pitfalls that result in business failure. Entrepreneurs who can identify and address each stage of growth are the ones who reach their final goal.