

Moving into maturity

The business life cycle is described in the paper *Falling off the business life cycle?* Many businesses are somewhere in the growth stage. We argue that a business should aim to get out of this stage—into maturity—as soon as it can, as this is where profitability can be significantly enhanced. Nine things need to be in place if the business is to reach the second transition stage and move through it into maturity. They are described below. It is important to see that these are necessary, but not sufficient. Their presence does not guarantee entry into maturity, but their absence prevents it. We advise that these are first considered soon after the start of the growth stage and monitored throughout the stage; issues being identified and predicted by the directors and addressed as the needs arise.

Brand

This covers market position, identity. At the very least the business should know

- what its purpose is (why is the business in business?)
- what are the outcomes desired as a result of doing the purpose
- what its values are (these characterise behaviours, eg honesty and fairness)
- how the purpose is to be achieved (provision of what services and products)
- who the purpose is aimed at (target market).

Everyone in the business should be aware of these. In an ideal world, everyone would have jointly formulated them.

Pipeline

This refers specifically to the creation of pipelines down which good prospects come. These pipelines will have been created through the development of relationships with other businesses and other business people. Valuable pipelines come from being good at referral marketing and advocacy. Of course, other sales and marketing techniques—such as advertising—can be appropriate in certain circumstances but, if they are used, it is always worth a business establishing not just that the other techniques are worthwhile but also that they are more cost effective than a relationship based approach.

Change

The business needs to know how it deals with change—or at least certain sorts of change.

This starts with the owners' exit strategy. Assuming the owners wish to sell the business at some point, it is essential to plan for this so that the business can be at its maximum value at that time. Too many business owners leave it too late.

The exit strategy is also related to the purpose of the business. Both answer the question "where is the business going?" If staff come to work and don't know why they are working (because even the boss doesn't know) it is unlikely that the business is operating optimally.

The exit strategy extends into succession strategy. This is relevant throughout the life of the business. It covers the succession of one stage of the business by the next; it covers the promotion of people into and out of key positions in the business; it drives the plan of the business. It talks, at a high level, about what happens next.

Information

People who take decisions in business need the right information on which to base those decisions. It is unlikely that this will be possible without the infrastructure and communication channels being sorted. But it is also necessary to identify what information is needed. If it originates from outside the business (eg competitors' performance) then research methods need to be developed. Many businesses do not use enough (or any!) information on which to base decisions and the types of information needed need to be analysed.

Communication

The business does not exist in which there is too much communication.

Without well used, appropriate communication channels it is unlikely that the requirement for good information can be met. However, good communication is also essential to support leadership and foster team spirit. These are essential to the business's success.

Process

All businesses have processes by which services and products are developed, created and made or delivered. They have processes, some statutory, which enable the business to be run. Where many businesses in the SME range put themselves at wholly unnecessary risk is in their failure to document, adequately or at all, what those processes are. Processes remain inside people's heads. Problems arise when these key people are absent, let alone when they leave.

With no objective statement of the processes, it is clearly likely that people in the business do not understand the processes or, worse, think the processes are different from what they actually are. With no documented processes (or poorly documented ones) it is impossible to establish if they are fit for purpose, let alone the best possible. If they are not these things, it is hard to improve them. Documented, reviewed processes (easily accessible) are essential for the business to grow successfully.

Infrastructure

Infrastructure is everything that is needed for the business to function: office facilities, including IT, documented processes and procedures, compliance and so on. As infrastructure will always contribute costs to the business for no direct benefit, it is essential that the infrastructure is well set up and maintained. Yet it is the subject of least interest to most businesses and therefore always benefits from attention.

Plan

The plan is a document defining in detail how the business is to grow over, say, five years. It can take many formats: the chosen format has to meet the needs of the particular business. However, it isn't helpful to accept businesspeople's belief that it is too hard to predict the future, that there are too many variables and unknowns. This will inevitably result in them feeling permanently out of control. The purpose of the plan is the opposite: it should define one of several paths the business could take. The plan should be realistic as possible whilst delivering the outcomes the business needs. If planned in sufficient detail, all that then has to be done is to do as well as possible the activities defined in the plan, and the outcomes more or less deliver themselves. Of course, it is an approximate activity, but a tried and tested one (eg, by Marks and Spencer in the 1980s). It leaves businesspeople masters of their destiny rather than puppets of fate.

Leadership

We believe that leadership is an attitude, whereas management is a job. It is an approach which everyone in the business could usefully adopt for their own benefit and that of the business. It informs the way that the other seven things described above are implemented in the business. Leadership is also not the same thing as 'being in charge'. However, if the people in charge are leaders, the business will be well placed to move into maturity.

We believe leadership is essential to a successful business.

(There is more on our approach to leadership in the paper *Leadership is an attitude*.)

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