Putting Growth Plans in Gear
Five best practices to get your business growing

Growth can take many different forms as a business develops. Startups, hungry for cash, often focus on sales, while more developed companies might deepen relationships with new products or fine-tune pricing to capture more value from each sale. More established businesses might look to acquisitions to satisfy their thirst for growth. According to SunTrust research of 397 small businesses across the U.S., sales growth is at the top of the list of business owner priorities.

Growth rarely happens by accident. Companies that place growth as their top priority are more likely to grow faster.

High-growth companies, the 20 percent of companies surveyed experiencing the greatest annual revenue growth, naturally place business growth as their top goal. In addition to setting their sights on growth, these high-growth companies are characterized by greater confidence in their company’s business strength and a stronger sense of financial well-being. Three out of four high-growth business owners are much more confident in their own company’s strength today than they were three years ago.

Small businesses looking to expand can model the growth mindset that distinguishes the fastest growing companies.

Growth by the Numbers Key SunTrust Research Findings¹

**Perception of business strength**

<table>
<thead>
<tr>
<th>% rating extremely strong or somewhat strong</th>
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<tbody>
<tr>
<td>66% all businesses</td>
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<tr>
<td>75% high-growth businesses</td>
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**Small business’s perceptions of their business skills**

<table>
<thead>
<tr>
<th>% rating superb or good</th>
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<tbody>
<tr>
<td>Customer service</td>
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<tr>
<td>Prospecting for new customers</td>
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<tr>
<td>Networking to generate referrals</td>
</tr>
<tr>
<td>Cross-selling customers</td>
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<tr>
<td>Developing people who can sell and service customers</td>
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<tr>
<td>Creating new products and services</td>
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**Top goals to achieve growth**

1. Increase employee satisfaction
2. Invest for future expansion
3. Diversify offerings and/or geography

High-growth companies are 20% more likely to cite these goals

¹ 2017 SunTrust nationwide survey of 397 small business owners.
Note: High-growth companies are the 20 percent of companies surveyed who experienced the greatest revenue growth.
Putting growth plans into action

Growth plans can include many tactics – investing in new equipment to optimize productivity and scale, creating new products or services to offer customers, pursuing company acquisitions and mergers, or eliminating unprofitable business lines to focus on better performers. Business owners report that the top goal in a successful growth plan is to grow while also delivering improved profits.

Top actions to achieve growth goals:

- **34%** Invest in new technology
- **31%** Purchase/lease new equipment
- **31%** Open a new office/business location
- **30%** Expand into new domestic markets

High-growth companies are 30% more likely to invest in new technology and purchase/lease new equipment. They are also 30% more likely to open a new office/business location and expand into new domestic markets.

#1 Set overall growth goals

Setting growth goals keeps you and your employees on a path to growth. Most entrepreneurs aren’t known for their love of process and paperwork; some even believe that formalized planning takes away their “edge” of being faster and nimbler than larger competitors. The planning process doesn’t have to be onerous. A well-crafted business plan will give you a basic guide to where your attainable growth goals lie. Most high-growth companies identify developing a financial game plan as one of the top actions to accelerate their company’s growth. Think about sales targets and growth opportunities as the core for your short- and long-term action. Try to step out of the day-to-day drumbeat of the business to look at the big picture of growth possibilities.

Growth Planning Secrets

- **Keep the plan short** so it is easy to communicate and focused on only the most critical growth actions
- **Update** the plan regularly to adapt to market conditions
- **Communicate** it to as many people as possible
- “**Step back**” from the day-to-day operations of your business when you plan for growth

Write your goals down and communicate them frequently – few unstated goals are ever reached. It is essential that all employees understand the path to growth and how they can participate in it. Over half of high-growth businesses support growth with a strategic marketing plan updated monthly or quarterly, which keeps plans fresh and adaptable to changing needs.

SunTrust has identified five tactics that top performing businesses use to achieve their growth goals:

1. Set overall growth goals
2. Decide where to focus your sales strategies
3. Increase sales efficiency by understanding target customers
4. Match staffing to growth
5. Develop plans to finance growth
#2 Decide where to focus your sales strategies

SunTrust research shows that over the past six years, small businesses have shifted their attention towards new products and services to find growth. While penetration of existing products with current customers was the top source of sales in 2011, fully two-thirds of revenue growth now comes from new products, customers and markets. Within this change, there has been a meaningful move in cross-sell activity with almost double the number of new products being sold to existing customers today versus in 2011.

Where do small business sales come from?

<table>
<thead>
<tr>
<th>% of 2017 sales</th>
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<tbody>
<tr>
<td>Penetration</td>
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<tr>
<td>Acquisition</td>
</tr>
<tr>
<td>Cross-sell</td>
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<tr>
<td>Missionary</td>
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Where do small business sales come from?

- Penetration: 36%
- Acquisition: 24%
- Cross-sell: 22%
- Missionary: 18%

Businesses are more regularly innovating and investing in new products, markets and services to find the growth they seek. High-growth businesses report they are much more likely than slower-growing businesses to expand into new markets in their quest for growth.

The sales strategies that make the most sense for your business need to tie to your growth goals. Identify gaps – either in markets with strong potential or in executional skills to sell and service growth – that stand between you and fulfillment of your growth goals. Those gaps could be in terms of your time, resources, customers, products or skills. Business owners report that they personally generate 42 percent of all business sales, putting pressure on a limited resource to deliver growth. High-growth companies are less likely to rely on an owner for the majority of their sales, with 35 percent more sales generated by performance-based sales staff.

#3 Increase sales efficiency by understanding target customers

Over half of businesses are focused on selling more efficiently as the key to generating growth and boosting profitability. While there are a host of sales productivity tools, a fundamental understanding of your market and customers underlies all marketing and sales strategy. Businesses that can accurately target products or services to fill a market need have an advantage over competitors. They will usually see higher success rates for sales and marketing efforts and will enjoy higher selling productivity.

Targeting starts by understanding how and why your customers buy your product. A business owner who can think like a customer will be able to understand the buying process and then extrapolate that experience to target new customers or expand marketing to an existing customer base. Finding your ideal customer will uncover different segments and common characteristics that allow your business to design products and services that more effectively serve customer needs. More effectively serving customers leads to less selling effort (higher sales productivity) and a better chance at reaching your growth goals.

Businesses with a tight definition of the ideal customer and target segments are ready for the next step towards meeting growth goals: finding those customers. Nine out of ten high-growth business owners currently or plan to address the question of market size by looking at the number of potential customers in their immediate market. Accurate market sizing leads to better decisions about where to deploy sales resources to realize growth.

#4 Match staffing to growth

Delivering on sales and service promises is a prerequisite for growth, and failure to deliver can sink a business quickly. Staffing and resource requirements to manage increased business is a necessary component of any growth planning. SunTrust research indicates that growth-oriented companies already have staffing questions in mind, as they determine just how many customers the business can manage with existing resources. Growth-oriented companies also keep a close watch on staff satisfaction. Dissatisfied staff rarely deliver exemplary customer service and don’t often stay
around to provide the growth support you need. (Note that “increase employee satisfaction” is #1 on the list of actions businesses plan to take to grow.)

Matching staffing to growth starts by identifying gaps between existing staff resources and those needed to meet growth plans. Businesses then hire to fill the gaps appropriately. While nearly half of all businesses feel “good” about their ability to develop employees who can sell and service customers, a surprisingly small portion of those businesses say they are “extremely” confident in those abilities. High-growth companies are more confident about their abilities in core growth skills like creating new products/services, cross-selling existing customers and prospecting for new customers.

When it comes to recruiting new talent, record low unemployment levels have made the employment marketplace more competitive. Sometimes staffing agencies can do the hiring groundwork for you, freeing up your time for other important priorities. Employee benefit packages can provide an edge. High-growth companies understand that their business revolves around good staff, and make their businesses more attractive to the shrinking employment pool by adding rich employee benefits. Realizing the value placed on employee packages, growth-oriented companies make benefits that attract and retain valuable workers their #1 action to achieve growth goals.

#5 Develop plans to finance growth

Growing a small business requires pursuing opportunities without exceeding your tolerance for risk. Finding the funds to meet the cost of identified growth strategies is top of mind for eight out of ten high-growth company business owners. Eighty-one percent of faster growing companies report access to growth funding by establishing a business credit history. Separating business and personal credit, monitoring your business credit score and developing strong relationships with your lenders place your business in a much stronger position to secure financing when the time is right.

An array of attractive funding sources is available to business owners when they need to access credit. Sources of capital range from personal funds and credit cards to supplier credit, conventional bank financing and government loans - each with its own set of benefits and disadvantages. Your banker, legal and financial advisors can help you determine the best financing methods to meet your growth goals without overloading your company with debt.

High-growth company future funding sources:

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Business credit card</td>
<td>71%</td>
</tr>
<tr>
<td>Business loan or line of credit</td>
<td>61%</td>
</tr>
<tr>
<td>Personal credit card</td>
<td>55%</td>
</tr>
<tr>
<td>Funds from personal account</td>
<td>55%</td>
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High-growth businesses are more likely to seek growth financing. While business credit cards are not an optimal funding vehicle for long term financing because of higher interest rates, they can be useful in bridging short-term gaps or unexpected needs. For those reasons, business credit cards are the top funding source for all businesses; high-growth companies are 25 percent more likely to have business credit cards in their growth plans than others. High-growth businesses also report that they will be turning to business loans and/or lines of credit to fund future growth at a substantially higher rate than other companies surveyed, further indicating owners’ confidence in accessing credit when they need it.