

10 Ways to Grow Your Business

Looking to take your business to the next level? Then check out these 10 practical ways to expand your business.

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By Karen E. Spaeder

When you first started your business, you probably did a lot of research. You may have sought help from advisors; you may have gotten information from books, magazines and other readily available sources. You invested a lot—in terms of money, time and sweat equity—to get your business off the ground. So...now what?

For those of you who have survived startup and built successful businesses, you may be wondering how to take the next step and grow your business beyond its current status. There are numerous possibilities, 10 of which we'll outline here. Choosing the proper one (or ones) for your business will depend on the type of business you own, your available resources, and how much money, time and sweat equity you're willing to invest all over again. If you're ready to grow, we're ready to help.

1. Open another location. This might not be your best choice for business expansion, but it's listed first here because that's what often comes to mind first for so many entrepreneurs considering expansion. "Physical expansion isn't always the best growth answer without careful research, planning and number-planning," says small-business speaker, writer and consultant [Frances McGuckin](#), who offers the following tips for anyone considering another location:

- Make sure you're maintaining a consistent bottom-line profit and that you've shown steady growth over the past few years.
- Look at the trends, both economic and consumer, for indications on your company's staying power.
- Make sure your administrative systems and management team are extraordinary—you'll need them to get a new location up and running.
- Prepare a complete business plan for a new location.
- Determine where and how you'll obtain financing.
- Choose your location based on what's best for your business, not your wallet.

2. Offer your business as a franchise or business opportunity. Bette Fetter, founder and owner of [Young Rembrandts](#), an Elgin, Illinois-based drawing program for children, waited 10 years to begin franchising her concept in 2001—but for Fetter and her husband, Bill, the timing was perfect. Raising four young children and keeping the business local was enough for the couple until their children grew older and they decided it was time to expand nationally.

"We chose franchising as the vehicle for expansion because we wanted an operating system that would allow ownership on the part of the staff operating Young Rembrandts locations in markets outside our home territory," says Bette. "When people have a vested interest in their work, they enjoy it more, bring more to the table and are more successful overall. Franchising is a perfect system to accomplish those goals."

Streamlining their internal systems and marketing in nearby states helped the couple bring in their first few franchisees. With seven units and some time under their belt, they then signed on with two national franchise broker firms. Now with 30 franchisees nationwide, they're staying true to their

vision of steady growth. "Before we began franchising, we were teaching 2,500 children in the Chicago market," says Bette. "Today we teach more than 9,000 children nationwide, and that number will continue to grow dramatically as we grow our franchise system."

Bette advises networking within the franchise community—become a member of the International Franchise Association and find a good franchise attorney as well as a mentor who's been through the franchise process. "You need to be open to growing and expanding your vision," Bette says, "but at the same time, be a strong leader who knows how to keep the key vision in focus at all times."

3. License your product. This can be an effective, low-cost growth medium, particularly if you have a service product or branded product, notes Larry Bennett, director of the Larry Friedman International Center for Entrepreneurship at [Johnson & Wales University](#) in Providence, Rhode Island. "You can receive upfront monies and royalties from the continued sales or use of your software, name brand, etc.—if it's successful," he says. Licensing also minimizes your risk and is low cost in comparison to the price of starting your own company to produce and sell your brand or product.

To find a licensing partner, start by researching companies that provide products or services similar to yours. "[But] before you set up a meeting or contact any company, find a competent attorney who specializes in intellectual property rights," advises Bennett. "This is the best way to minimize the risk of losing control of your service or product."

4. Form an alliance. Aligning yourself with a similar type of business can be a powerful way to expand quickly. Last spring, Jim Labadie purchased a CD seminar set from a fellow fitness professional, Ryan Lee, on how to make and sell fitness information products. It was a move that proved lucrative for Labadie, who at the time was running an upscale personal training firm he'd founded in 2001. "What I learned on [Lee's] CDs allowed me to develop my products and form alliances within the industry," says Labadie, who now teaches business skills to fitness professionals via a series of products he created and sells on his Web site, [HowToGetMoreClients.com](#).

Seeing that Labadie had created some well-received products of his own, Lee agreed to promote Labadie's product to his long contact list of personal trainers. "That resulted in a decent amount of sales," says Labadie—in fact, he's increased sales 500 percent since he created and started selling the products in 2001. "Plus, there have been other similar alliances I've formed with other trainers and Web sites that sell my products for a commission."

If the thought of shelling out commissions or any of your own money for the sake of an alliance makes you uncomfortable, Labadie advises looking at the big picture: "If you want to keep all the money to yourself, you're really shooting yourself in the foot," says the Tampa, Florida, entrepreneur. "You need to align with other businesses that already have lists of prospective customers. It's the fastest way to success."

5. Diversify. Small-business consultant McGuckin offers several ideas for diversifying your product or service line:

- Sell complementary products or services
- Teach adult education or other types of classes
- Import or export yours or others' products
- Become a paid speaker or columnist

"Diversifying is an excellent growth strategy, as it allows you to have multiple streams of income that can often fill seasonal voids and, of course, increase sales and profit margins," says McGuckin, who diversified from an accounting, tax and consulting business to speaking, writing and publishing.

Diversifying was always in the works for Darien, Connecticut, entrepreneurs Rebecca Cutler and Jennifer Krane, creators of the ["raising a racquet" line of maternity tenniswear](#), launched in 2002. "We had always planned to expand into other 'thematic' kits, consistent with our philosophies of versatility, style, health and fun," says Cutler. "Once we'd begun to establish a loyal wholesale customer base and achieve some retail brand recognition, we then broadened our product base with two line extensions, 'raising a racquet golf' and 'raising a racquet yoga.'"

Rolling out the new lines last year allowed the partners' current retail outlets to carry more of their inventory. "It also broadened our target audience and increased our presence in the marketplace, giving us the credibility to approach much larger retailers," notes Cutler, who expects to double their 2003 sales this year and further diversify the company's product lines. "As proof, we've recently been selected by Bloomingdale's, A Pea in the Pod and Mimi Maternity."

6. Target other markets. Your current market is serving you well. Are there others? You bet. "My other markets are what make money for me," says McGuckin. Electronic and foreign rights, entrepreneurship programs, speaking events and software offerings produce multiple revenue streams for McGuckin, from multiple markets.

"If your consumer market ranges from teenagers to college students, think about where these people spend most of their time," says McGuckin. "Could you introduce your business to schools, clubs or colleges? You could offer discounts to special-interest clubs or donate part of [your profits] to schools and associations."

Baby boomers, elderly folks, teens, tweens...let your imagination take you where you need to be. Then take your product to the markets that need it.

7. Win a government contract. "The best way for a small business to grow is to have the federal government as a customer," wrote Rep. Nydia M. Velazquez, ranking Democratic member of the House Small Business Committee, in August 2003. "The U.S. government is the largest buyer of goods and services in the world, with total procurement dollars reaching approximately \$235 billion in 2002 alone."

Working with your local [SBA](#) and [SBDC](#) offices as well as the [Service Corps of Retired Executives](#) and your local, regional or state Economic Development Agency will help you determine the types of contracts available to you. The U.S. Chamber of Commerce and the SBA also have a [Business Matchmaking Program](#) designed to match entrepreneurs with buyers. "A fair amount of patience is required in working to secure most government contracts," says Johnson & Wales University's Bennett. "Requests for proposals usually require a significant amount of groundwork and research. If you're not prepared to take the time to fully comply with RFP terms and conditions, you'll only be wasting your time."

This might sound like a lot of work, but it could be worth it: "The good part about winning government contracts," says Bennett, "is that once you've jumped through the hoops and win a bid, you're generally not subject to the level of external competition of the outside marketplaces."

8. Merge with or acquire another business. In 1996, when Mark Fasciano founded [FatWire](#), a Mineola, New York, content management software company, he certainly couldn't have predicted what would happen a few years later. Just as FatWire was gaining market momentum, the tech

downturn hit hard. "We were unable to generate the growth needed to maximize the strategic partnerships we'd established with key industry players," Fasciano says. "During this tech 'winter,' we concentrated on survival and servicing our clients, while searching for an opportunity to jump-start the company's growth. That growth opportunity came last year at the expense of one of our competitors."

Scooping up the bankrupt company, divine Inc., from the auction block was the easy part; then came the integration of the two companies. "The process was intense and exhausting," says Fasciano, who notes four keys to their success:

- **Customer retention.** "I personally spoke with 150 customers within the first few weeks of consummating the deal, and I met with 45 clients around the globe in the first six months," notes Fasciano. They've retained 95 percent of the divine Inc. customer base.
- **Staff retention.** Fasciano rehired the best and brightest of divine's staff.
- **Melding technologies.** "One of the reasons I was so confident about this acquisition was the two product architectures were very similar," says Fasciano. This allowed for a smooth integration of the two technologies.
- **Focus.** "Maybe the biggest reason this acquisition has worked so well is the focus that FatWire has brought to a neglected product," says Fasciano.

FatWire's acquisition of divine in 2003 grew its customer base from 50 to 400, and the company grew 150 percent, from \$6 million to \$15 million. Fasciano expects no less than \$25 million in sales this year.

9. Expand globally. Not only did FatWire grow in terms of customers and sales, it also experienced global growth simply as a result of integrating the best of the divine and FatWire technologies. "FatWire finally has international reach—we've established new offices in the United Kingdom, France, Italy, Spain, Holland, Germany, China, Japan and Singapore," says Fasciano. This increased market share is what will allow FatWire to realize sustained growth.

But you don't need to acquire another business to expand globally. You just need to prime your offering for an international market the way FatWire was primed following the integration of its technologies with divine's.

You'll also need a foreign distributor who'll carry an inventory of your product and resell it in their domestic markets. You can locate foreign distributors by scouring your city or state for a foreign company with a U.S. representative. Trade groups, foreign chambers of commerce in the United States, and branches of American chambers of commerce in foreign countries are also good places to find distributors you can work with.

10. Expand to the Internet. "Bill Gates said that by the end of 2002, there will be only two kinds of businesses: those with an Internet presence, and those with no business at all," notes [Sally Falkow](#) a Pasadena, California, Web content strategist. "Perhaps this is overstating the case, but an effective Web site is becoming an integral part of business today."

Landing your Web site in search engine results is key—more than 80 percent of traffic comes via search engines, according to Falkow. "As there are now more than 4 billion Web pages and traffic on the Internet doubles every 100 days, making your Web site visible is vital," she says. "You need every weapon you can get."

Design and programming are also important, but it's your content that will draw a visitor into your site and get them to stay. Says Falkow, "Putting together a content strategy based on user behavior,

measuring and tracking visitor click streams, and writing the content based on researched keywords will get you excellent search results and meet the needs of your visitors."

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