

**RESULTS**<sup>360°</sup>  
Profit | Productivity | People

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**6 POINT  
GUIDE TO  
GROWING A  
PROFITABLE  
SERVICE  
BUSINESS**

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Many service businesses trade unprofitably for years, yet experience tells us it only need take a couple of years to create one that is profitable and can work without you.

Our 6 Point Guide to Growing a Profitable Service Business shows you how.

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## **Our 6 Point Guide to Profitable Growth Points:**

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# INTRODUCTION

Our definition of a service-based business is one that sells their time, knowledge and expertise; sometimes referred to as “selling the invisible”,

**Results360** has worked with hundreds of service-based businesses, from Recruitment Agencies to IT Software Developers, Estate Agents, Accountants, Consultants, Trainers and many more.

We have advised, guided and mentored them on how to grow profitable and sustainable businesses. This **6 Point Guide to Growing a Profitable Service Business** is drawn from our collective experience and best practices from the businesses we have worked with.

The process and principles of growing a profitable business has not radically changed in hundreds of years, so why do some businesses grow and others stall?

Experience tell us, the key differences between businesses that achieve steady, sustainable growth compared to those that are slow, sluggish or stagnate, are:

1. A well thought through strategy, business model and plan.
2. A business owner and leader that is:
  - hungry for success
  - willing to learn and let go
  - knows how to manage change
  - capable of bringing people with them and takes action

**Accountants** Osteopaths  
Solicitors Care Providers

Environmental & Energy Agencies

**Vets** Recruitment  
Estate Agents

Public Relations Market Research

Dentists Event Management

## Working with...

Chiropractors Tele-marketing

**Therapists** Bookkeeping & PA

IT Support & Developers

Independent Financial Advisors

**Consultants** Web Designers

Human Resources **Trainers**

**Architects** Surveyors

# ABOUT SERVICE - BASED BUSINESSES

Selling a service can be more challenging than selling a product because it is intangible, the client can't see, touch or feel what you are offering them.

They find it difficult to understand what they will get, the value and why they should choose your company over another. Most offer much the same in the eyes of the client and yours may be seen as just another "me too" business. Being able to stand out from the crowd and get your message heard will be critical to your success.

**Selling a Service** When you are selling your time, knowledge and expertise; sometimes referred to as "selling the invisible", you will have to work hard and be creative in helping the client imagine and visualise what they are going to get. You don't have to be the best or the most expensive but you do need to be consistent and demonstrate the value your service will add, how you have helped other similar types of clients what the customer experience will be like.

**Expert to Business Owner** Many service businesses start out as small relationship based businesses where the quality of service largely depends on the quality of the expert delivering the service. You "are" the business and the client has bought into you.

This is potentially a risky area as the business grows beyond your own capacity or capability and you are reliant on others to deliver the quality of

service that you have built your reputation on. This is why training, communication, systems and leadership are all critical to the success of the business as it grows.

## 4 Stages of Growth

There are four key stages that a business goes through as it grows, each stage requires a different set of skills and behaviours that will need to be developed if the business is to grow and remain profitable.

- **Owner led** - you are the business and success depends entirely on you
- **Employee led** - the business depends on the team to deliver
- **Process led** - robust systems & processes are essential for scalability
- **Culture led** - the business has developed "our way of doing business"





# TOP 3 CHALLENGES FOR SERVICE-BASED BUSINESSES



## **1 Profit**

Consistently attracting high value, profitable work and reoccurring income streams is a common challenge for most service businesses. Many battle with lumpy, inconsistent or seasonal cash flow. There is also a tendency to over-service clients and give away free advice which erodes profits. Creating reoccurring income can be difficult and time consuming, but well worth the investment it in the end.



## **2 Productivity**

Striking the balance between productivity with profitability can be challenging. Many businesses struggle to optimise their resources, ie, time, people and systems and often have too little resource that is over stretched or too much that is underutilized.



## **3 People**

People are the most expensive resource for all service businesses. Keeping them focused, engaged, motivated and pulling in the same direction is essential to sustainable growth.

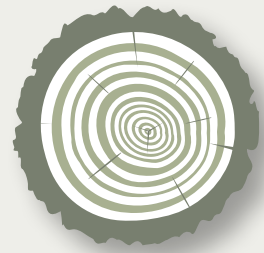


# POINT 1

## WHY GROW YOUR BUSINESS?

# WHY GROW YOUR BUSINESS?

Whether or not you grow your business and then how you go about doing it is something that most business owners consider at some point.



In some businesses growth is driven by market demand, it gradually creeps up or they experience a sudden spike in sales and are forced to respond. Others are more structured and calculated in their thinking and set up their business with the sole intention of selling/transferring ownership at some point to generate wealth and flexibility.

Here are some common reasons that we have come across for growing a business:

## **Reasons to grow**

- income generation to support a lifestyle or replace a job
- wealth generation
- retirement income
- freedom and flexibility
- time for other pursuits and interests
- to remain competitive and attractive to potential buyers
- to indulge a passion, purpose or expertise
- to create a legacy

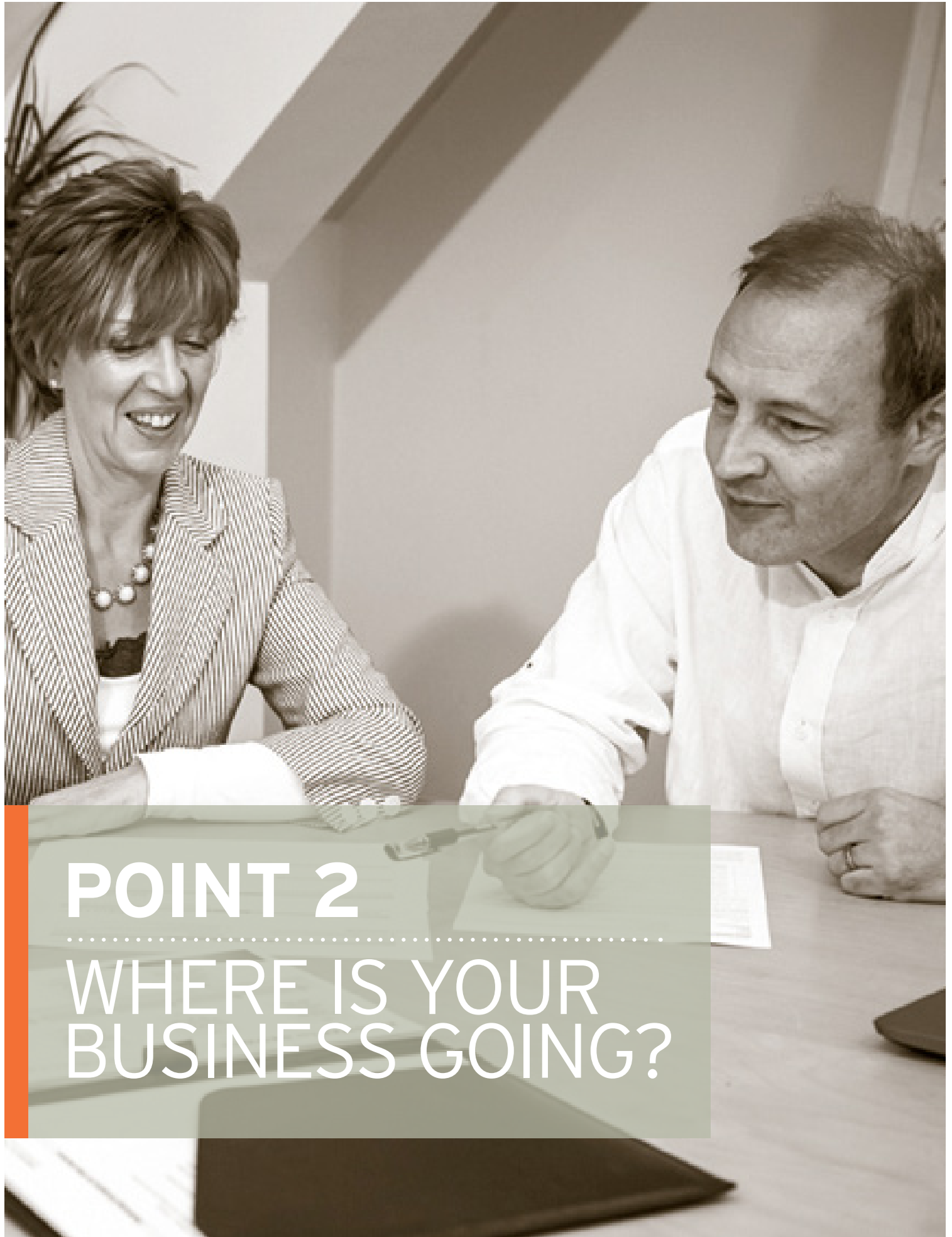
## *Top tips*

1

### **for Profitable Growth**

- ▶ Whatever your reason for growing your business, be clear and honest with yourself and others as to why you are doing it. This will help create motivation and energy for the effort and commitment you will need to see the process through.
- ▶ Think about and visualize how you are going to feel when you have achieved your goals. What will you be doing once your business is finished and it can work without you?
- ▶ Communicate and engage the team in your vision and plans for the business. Your reasons for growth will need to be compelling and must benefit them in some way for them to get behind you.





## POINT 2

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WHERE IS YOUR  
BUSINESS GOING?

# WHERE IS YOUR BUSINESS GOING?

Most business owners do not have a clear vision or well thought through strategy for growing their business.



First time business owners tend to drift into business because they are good at what they do or have been made redundant.

They crave freedom, flexibility and the potential wealth that a successful business can bring. Sadly, this is rarely the case, approximately **52%** of start-ups fail and many end up with very little free time or spare cash! This happens not because they lack drive, passion, ambition and talent, but more because of a lack of basic business practices and skills.

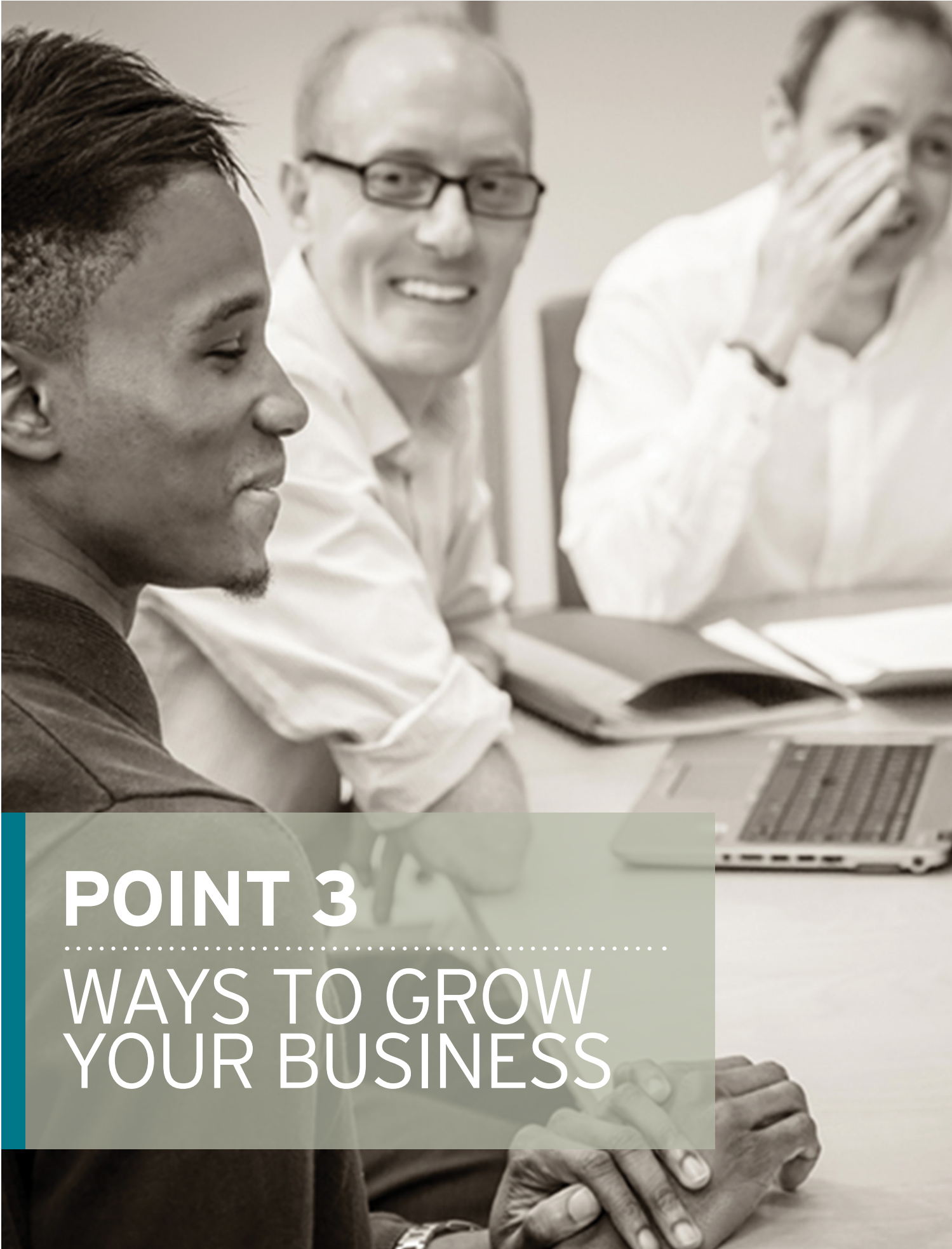
If you want to grow a successful business then think BIG from the beginning, seek business advice and build it with the intention of it eventually being able to work without you. You always have the option later to choose to continue working in your business or to sell it. Don't make the mistake of thinking I'll start small and see how it goes, it rarely does! I have seen many end up as expense hobby businesses.

## Top tips

2

### for Profitable Growth

- ▶ Be clear about your end goal and explore the options for growth early on, otherwise your business will drift and you could find yourself no further forward in 10 years time!
- ▶ Think big from the beginning - "fortune favours the brave"
- ▶ Create a 3-5 year vision for your business, this should be ambitious, exciting and a stretch. Then, develop a strategy and plan as to how you are going to achieve your vision.



# POINT 3

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# WAYS TO GROW YOUR BUSINESS

# WAYS TO GROW YOUR BUSINESS

There are many and varied ways to grow a service business, here are a few of the most the common ways:

## **Organic Growth:**

Sell more to new and existing clients or moving into new markets. This may just happen due to market demand, you can also drive organic growth through effective sales and marketing both online and offline.

If you decide this is the right growth option for your business then be prepared to let go and delegate as you will not be able to do it on your own. At some point you will hit a ceiling or burn out. You will need to develop your management and leadership skills, find, train and retain other people that are as passionate about your business as you are.

## **Franchise/Licence:**

Franchising is this not commonly associated with service businesses but is fast becoming a popular grow option in the UK. There are currently 930 franchise operations in the UK, with an annual turnover of £13.7 billion, employing 561,000 people. The franchise sector has been growing by 20% since 2008, compared to the overall UK economy that contracted by 2.5% in the same period.

*(Data source: BFA in association with Nat West)*

A success rate of 92% is reported for franchise operations compared to 52% of start-up failures, with white collar (ie, office based) franchising being the fastest growing sector. This is because the key skills needed to run a successful franchise often exist in service businesses, such as, people and operational finance, sales and marketing.

It is worth considering this option if your service can be done by other likeminded experienced people in other locations. Franchising works well if you are thinking about having small clusters of experienced people in multiple locations that can be supported by a central team, such as estate agencies, recruitment and human resource.

On the other hand, if you are an IT software company that has developed some products, or a digital marketing agency that has some online products, then licencing can be a good option for creating additional income streams.

WAYS TO GROW YOUR BUSINESS  
*continued*



# WAYS TO GROW YOUR BUSINESS *continued*

## **Merger/Acquisition**

Acquiring or merging with another business is a very good way of accelerating growth. This is a favoured and well worn path for the likes of accountants, solicitors and architects firms that can be applied to most other business types. Teaming up with another business offers a readymade client base, complimentary services and products that you can sell to your existing clients and potentially a stronger more well known brand to leverage from.

This growth option can be a lengthy and challenging process to go through as it requires many factors to be aligned in order to see a speedy and successful return on investment. Finding the right partner company, having a well planned change management process for integration, excellent communication and leadership skills to see it through are essential.

If it is not well planned and executed then it will be a distraction and disrupt the business and may take a long time to recover from. We would liken it to putting two dysfunctional families together, guaranteed to be a disaster.



3

## *Top tips*

### **for Profitable Growth**

- ▶ Explore and work through the various options for growth, or work with someone who is experienced in doing this. Don't be tempted to go for the option that you are most familiar with or is the easiest as this may not be best for your business.
- ▶ Once you have decided on the right growth strategy then be rigorous about your business planning and financial forecasting. The old saying, "failing to plan is planning to fail", may come back to bite you.





# POINT 4

## CREATING TIME FOR GROWTH



# CREATING TIME FOR GROWTH

Time is the most precious and expensive commodity for all service businesses, so use it wisely.



If you want to grow your business then you will have to dedicate some quality time to it. Even if you are not currently involved in the day to day running of the business it will take time and energy to drive and lead the growth and changes.

Many experts and professionals struggle to hand over their clients' to others who are quite capable. Or they believe that clients won't accept the changes this simply is not true if well managed.

If you currently "are" the business and spend most of your time either working with clients or finding clients then will you need to be disciplined about spending regular time to plan and drive growth. This is the first step in making the shift from running a business to growing a business. If you don't invest time planning for the future of your business then it is likely to tread water and never grow beyond your own capacity.



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## Top tips

### for Profitable Growth

- ▶ Delegate or out-source as much as possible as soon as you can.
- ▶ Be disciplined about spending time growing your business, if you find this difficult and are easily distracted then work with someone who will hold you accountable.
- ▶ Either spend some time on your business every day or alternately block out chunks of time for development work, a day a week or a few a month.



# POINT 5

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## BUILD A SALES & MARKETING MACHINE

# BUILD A SALES & MARKETING MACHINE

Many service businesses make the mistake of spending either too much or too little time and money on the right marketing tactics.

They tend to do what they've always done, relying on outdated strategies or jump on the band wagon of the latest marketing trend.

Creating a marketing machine that will provide a constant flow of quality leads is vital for growth, only when you have this working well should you think about expanding and taking on more people. If you do it the other way around then you are likely to be paying for resources that you cannot use.

When it comes to sales there is generally a lack of sales ability within service businesses, especially if the business was founded on expertise. Being a good software developer or lawyer does not necessarily mean that you will be good at sales. If selling doesn't appeal to you or your don't think you are any good at it then invest in good training to sharpen your skills or alternatively get someone else to do it for you.

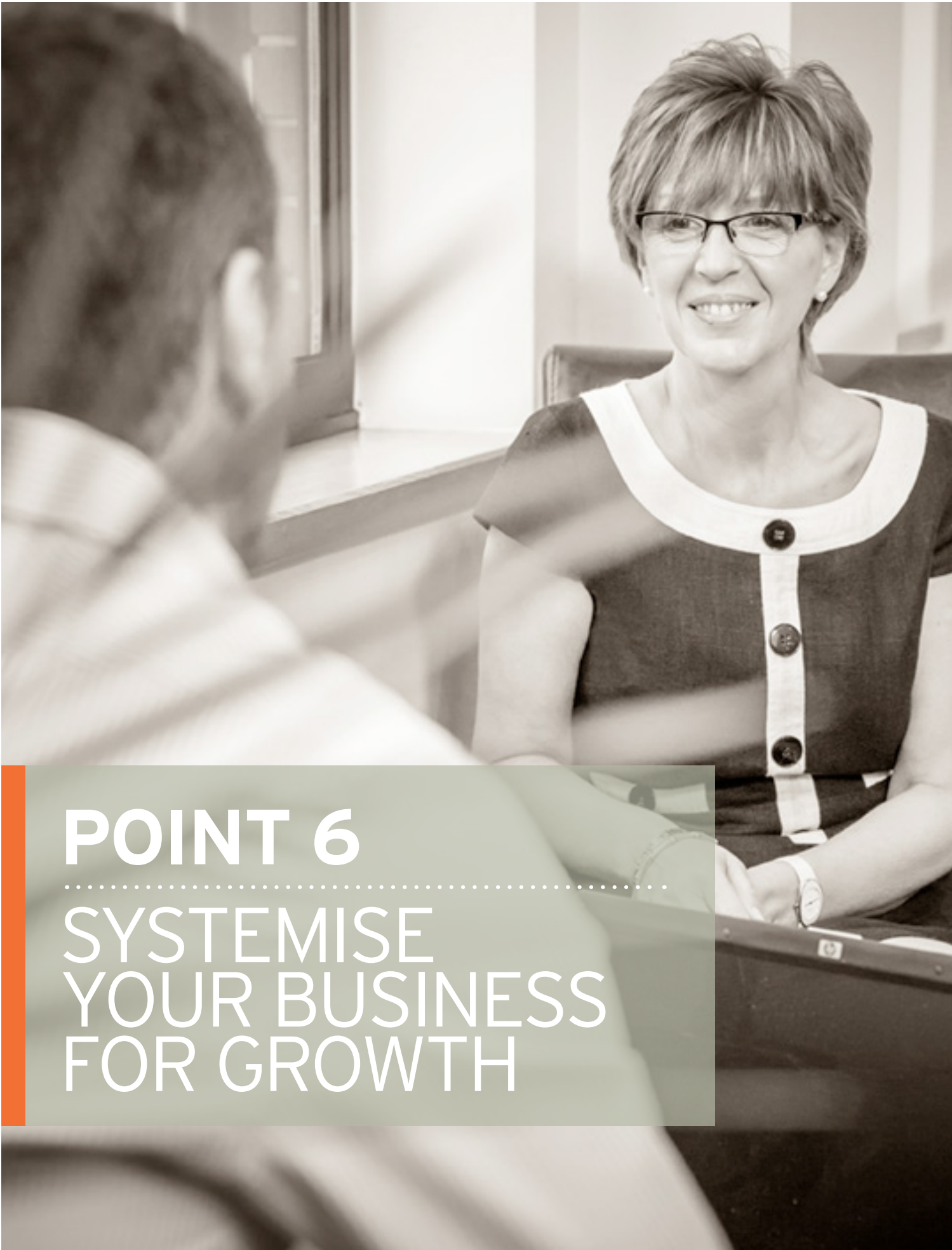


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## Top tips

### for Profitable Growth

- ▶ Research and find the right marketing tactics for your business, don't just follow the latest marketing trend.
- ▶ Invest in sales training or bring in a dedicated sales person as soon as possible.
- ▶ Focus on marketing and selling more to your existing client base before new client acquisition.



# POINT 6

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# SYSTEMISE YOUR BUSINESS FOR GROWTH



# SYSTEMISE YOUR BUSINESS FOR GROWTH

“Systemise the routine,  
humanise the exceptions!”

Creating a business that can work without you and grow beyond you will only happen if you have well documented systems and processes. If there are things that only you know how to do then the business will always be dependent on you.

As more people get involved in the business ensure that they also document how they do things to safeguard against the business becoming too reliant on them as well.

Having simple and effective systems and processes will not only save time and money but is the foundation for future growth. This is also a key step to improving productivity and profitability.



6

## *Top tips*

### for Profitable Growth

- ▶ Identify the key areas in your business that could be done by someone else.
- ▶ Document processes as you go along otherwise it will be a mammoth job.
- ▶ Start with the most time consuming and high risk tasks.
- ▶ Spread the load by getting everyone to document what they do.

# SUMMARY

You can grow a profitable business that can work with you by following this simple and easy to implement approach.



- 1. Be clear on why you want to grow your business,** this will give you focus and energy to see it through. It really doesn't need to take 10-15 years, most high growth businesses do it in 2-3, grow at 15% pa and double in size in 3 years.
- 2. Have a clear vision, strategy and plan** for your business and stick to it. Otherwise you are likely to be blown off course or get distracted by the latest idea or trend. Even if you never refer back to your plan, just going through the thought process will help embed it in your sub-conscious.
- 3. Explore all the options for growth.** There may be some that you have not considered. Whichever one you do choose, be sure that you have the skills and appetite to see it through. If you don't like letting go or managing people then building a team may not be for you.
- 4. Make time and space in your diary for growth.** As a rough guide, once you get to 70% capacity stop taking on more client facing or operational work, otherwise you will not have enough time or energy to develop the business or team.
- 5. Build a sales and marketing machine.** Having some key marketing tactics that you can rely on working in the background will give you the confidence to size up. Bolt on good selling skills will make your business fly.
- 6. Create systems and processes.** If you carry everything about the business in your head then not only is it exhausting but will inhibit the growth of your business. If you have to do something more than once then write a process for it.





## A Final Note

Thank you for taking the time to read this e-guide, I hope you found it useful and it has given you some ideas and inspiration to grow your business.

We have helped hundreds of service businesses grow successful and profitable businesses for years. It doesn't need to be complicated or time consuming, it's more about knowing what to do and how to do it that makes the difference.

## Need More Help

If you would like to know more about any of the topics mentioned in this e-guide or would like to chat to us about how we can help fast track the growth of your business then please get in touch. Or, book a free call via our website.

## Tell us what you think

We would appreciate any comments or feedback you have on this eguide and suggestions for further topic that you would like to read about.



Anne O'Reilly Founder - Results360

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