



stepping OUT



Serious About Growth

A guide for spin-outs
from the UK public sector

www.steps-out.biz

A person stands on a dark silhouette of a peak, their arms raised in a 'V' shape towards a bright, sunlit sky. The sun is positioned directly behind the person's head, creating a strong lens flare effect with multiple circular and radial light patterns. The sky transitions from a pale yellow near the sun to a deep blue at the top. The overall composition is centered and evokes a sense of achievement and triumph.

stand out

Well done. You've done brilliantly to create a new stepped-out business. In between some of the longest hours you have ever worked, you will be on platforms, receiving visitors, invited to all sorts of events. And deservedly so - you're running a brave new venture that is probably going places, indeed you might already be growing fast.

But now you've got to take this to the next stage, and seriously growing a business is very different from just running one. This guide sets out the main questions you will need to answer as you try to grow your business to its maximum potential.

At Stepping Out we are here with our partners to help you on the growth-journey. We bring a wealth of experience about how to win and integrate new business.

Talk to us – it's free. Indeed, if you are a spin-out that is serious about growth, we are happy to provide initial input from our experts to work with you and your team to help you unlock future growth in your business.

We are passionate about the potential of public service spin-outs and believe you are beating a path for others to follow. You deserve to succeed and we want to help you.

seek out

Plenty of people start or acquire businesses - but relatively few grow to a decent scale. They are often limited by their marketplace, by financial resources, by cost and quality problems and by not having the right people.

Many businesses also lack that vital factor in growth – ambition. You need will and stamina over a period of years because a growing business is always in flux.

The biggest initial question is ‘Are you up for this?’

We’re doing just fine: Do we really need to grow?

Many spin-outs provide niche services that are performing well and feel secure. Often, though, these services are reliant on just one or two key contracts and relationships when they ‘go live’.

This is too much of a risk for any business because if a contract is lost or a relationship goes sour, you are out of business.

So some growth is necessary for even the most secure spin-outs in order to spread your risks.

Just sitting back and ‘consolidating’ is strictly for the initial period after you start business - after that, you should really be looking for growth.

Public finances: How do we grow when we’re trying to survive in a shrinking market?

The downside of public sector austerity is that spin-outs’ starter-contracts will likely be cut down dramatically next time round. The upside is that there is a hunger in the market for better, more efficient, and smarter solutions to public service delivery.

Traditional large providers of the public sector are far less able to come up with these than smaller, nimbler players. Those with the closest connections to end users of services will be best placed. Therefore, the opportunity for spin-outs may be greater now than ever.

This is why investment now in business improvement, innovation and partnerships with like-minded businesses is so important.

First focus: Improve or Grow?

The roadside is littered with businesses that lost it all in pursuit of growth. Only really good businesses should try to grow.

You should only grow if your offer to the market is clear, if your costs are under control, you have the right top team in place and, in your heart, you’re completely committed.

If any of these are missing, you need first to improve your business so that it can then move into growth from a firm footing.

QUESTION OVER COFFEE

#1

Thinking about where you and your organisation are at now, should your immediate focus be to improve or grow?

working out

What is known about successful growth?

Research into growing businesses shows that these factors make a huge difference:



VISION A detailed vision of the future for your business: which customers, where, their size, your likely competitors, the new world that your future business sits within.



STRATEGY A clear focus for achieving your growth plan and a willingness to specialise around where you are the best.



TEAM A strong group of people around the CEO or Managing Director who are united behind the vision and able to integrate new business into the organisation.



FINANCE Being able to invest the necessary resources to realise your ambitious plan.



MARKETING & SALES Understanding and acting upon the signals given by your customers and differentiating yourself from the competition.



The power of an exciting destination

The evidence suggest that leaders with a powerful and ambitious future picture of how their business could be have a far greater chance of success than those who drift along from one year to the next.

Growth can only happen if you are serious about it.

Therefore taking time to create that vision of the future is absolutely essential for any spin-out venture that is contemplating growth.

Doing this – and writing down the vision – is the first, critical step on the journey to growth and making your vision happen.

Visioning Exercise: Start with the End in Mind

- Picture where your business will be in three years' time
- Visualise how it can be the best in its marketplace
- Imagine what it might not be doing anymore
- Predict which future competitors it will be beating
- Pinpoint geographically where it might be operating
- Envision how the business looks and feels in three years' time

QUESTION OVER COFFEE

#2

Begin with this picture of your future business in mind, write it down then work back from 3 years' time to today and ask yourself what happened to make that vision happen.

working out

QUESTION OVER COFFEE

#3

What are you, or could you be, the very best at?



How should you seek to grow?

Many organisations are doing too many things not well enough to be competitive. The key to success in business is focus – being the very best in a specific sector. Being utterly clear about what your spin-out is, or could be, best at.

The easiest growth to be had is in selling more of what you do now to people you currently do business with. The hardest route to growth is selling new services to new people. A credible growth strategy should focus on building on where you are already strong.



The roadmap to get you there

Once you have a vision for your business, you need a plan to take you there. Working back from the vision, a good strategy explains exactly what you need to do to take you from today's reality to that future vision.

A really first-class strategy also helps you to refine that vision even further. Many spin-outs have a vision for where they are going but an under-developed strategy, or unclear roadmap to get them there.

5 things a great strategy should tell you

1. Where, honestly, the business is today: its good and bad points, its potential and its limiters
2. How both current and future markets operate and how these affect the business today and over the next three years
3. What, in light of this, is the true potential of the business and how does this inform the vision
4. Where the leadership needs to be more active across the business if the vision is to be realised
5. Plans for all major areas of the business: finance, marketing and sales, operating and people



Should you grow through mergers and acquisitions?

You can grow 'organically' by winning new contracts or by coming together with another business.

This can often make sense - but be very aware of the time, energy and opportunity cost involved.

A simple rule for mergers and acquisitions is 'One Plus One = 64'. The benefits should be massive not marginal.

Alternatives to mergers are partnerships and alliances which are quicker and cheaper to create - and allow both sides to test the water.

Don't waste time: remember that while you are sat with a partner talking about whose logo you're going to put on a bid, your competition are busy planning how to beat you.

Case Study #1: Chime Audiology

Stepping Out helped Chime to devise and pilot a growth strategy to test scalability ahead of roll out. We've also provided access to the appropriate commercial and finance partnerships to support further growth. CEO Jonathan Parsons says: 'I have found Stepping Out's insight, support and practical approach to be of massive value in planning Chime's growth.'



shout out



Resourcing your growth

Significant business growth normally requires new investment either from the business' past profits or from external backers.

Many spin-outs lack the marketing, selling and bidding capabilities to successfully grow. When set next to the resources of the competition, this places spin-out businesses at a big disadvantage.

You need to identify early where this up-front investment is needed and then secure the finance so that the plan is properly resourced. Major growth without finance is difficult because up-front costs are normally high.

Investment and Contract Readiness Fund (ICRF)

What is it? A government fund that makes grants to social ventures that have the potential for high growth in public sector delivery but who need to secure investment or to undertake specific development activity to help them to achieve that growth.

How do you access it? An application through an approved provider – Stepping Out is one, so get in touch to find out more.



Securing the talent you need

Growth will mean changing the mix of people running your business. In spin-outs, particularly those employing professionals, those delivering services are traditionally the most powerful voices.

As a leader, your role is not only to find but also to champion a marketing and sales function which has an equal place at the table. Understand that you won't want to hold on to everyone who made the spin-out possible.



Do you have the right people on the bus?

Few spin-outs emerge with people in them with experience in growing new business. Having someone senior who leads on new business development is critical – even if this is the CEO.

You may need to make space on your board for someone who can specialise on growth. You also need to make the time in your organisation to talk about growth.



Understanding what is truly different about your business

Any business has to make its case to customers to secure their commitment. This can be on quality, price, a new approach, brand-values – or some combination of all.

Every spin-out has to provide an account of why a customer – current or new – would choose it over another provider.

Putting yourself in your customer's shoes and giving them compelling reasons to choose you becomes critical to survival and growth. This must be honest, based on evidence and realistic, given the strength of the competition. This is what a good marketing and sales function does.



Do you really know your competition?

People don't think about the competition enough and therefore know too little about how they are vulnerable.

As a result, they go into competitions knowing little about the market environment.

Investing in understanding the market properly is therefore critical to business growth.

QUESTION OVER COFFEE

#4

What investment have you made in the capabilities you need to win new business? Is this enough? Do you have the money you need to invest in the things you need to grow?

QUESTION OVER COFFEE

#5

Is your board and senior team set up to deliver growth? What skills are you missing? Can current people quickly gain those skills or should you look to bring in new people with the experience you need?

help out

Still serious about growth?

For all the challenges that pursuing growth presents, you will also gain a huge sense of achievement in seeing your vision delivered.

If you do have the ambition to grow, Stepping Out, along with our partners, are here to support you.

Case Study #2: Provide

Stepping Out has worked as a strategic growth partner to Provide since its inception. During this period they have grown from £36m to £60m in turnover. We helped them create a commercial management structure and to reposition as a regional provider of integrated health and social care. CEO John Niland says: 'Stepping Out has provided added-value every step of the way. They are a trusted partner who I know will support and challenge us in all the right ways.'



Stepping Out and our partners are proud to have supported several spinouts to grow in recent years.

We bring insight, experience and the very best specialist advice.

On top of all this, we understand and share your values. We believe passionately in what you are doing and our track record shows that we will be with you every step of the way.

If you are serious about growth, we can help you to make it happen.

Ready to talk this through?

To prove how serious about growth we are, we offer ambitious spin out businesses a **free consultation**.

Our experts will come and spend some high quality time with you and your senior team to help you identify – perhaps over some coffee – how you should approach your growth.

Contact us today to start the conversation about your future.

Pleased to work in partnership with

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