



GUIDEBOOK

THE AMBITIOUS ENTREPRENEUR: BUILDING AN INTELLIGENT GROWTH STRATEGY

July 2023

IDEAS | PEOPLE | TRUST

BDO

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INTRODUCTION

According to our recent study, The Ambitious Entrepreneur: Tackling Your Barriers to Growth, three quarters of businesses don't have confidence that their strategy is future proof. Now consider this: Another 70 percent of the businesses surveyed in our study admitted they're only planning nine months ahead. Combined, these statistics point to a glaring fact - strategic planning can make or break the growth and success of a business.

Several internal and external factors are contributing to this lack of strategic planning. We know the growth journey is often fraught with trials and tribulations, which have been exacerbated by recent global events where businesses were thrown into react mode and needed to fight for survival. As such, many business owners put their heads down to focus on running the business and keeping it afloat through a cost-of-living crisis. And as a result, there has naturally been less capacity to lift your head and plan beyond the next 12 months.

In addition to time challenges, the fast pace of change means plans can quickly become out of date. Externally at the time of writing, there is the energy crisis, rising inflation and the war in the Ukraine. Internally, agile working arrangements, disrupted supply chains, a drive to Net Zero and resource constraints will require you to adjust your operating model. When you combine these internal and external factors, it's not hard to see why so many ambitious businesses have been struggling to convert their vision into a meaningful plan.

There is also the challenge arising from our personal bias, with many entrepreneurs being focused on outward facing matters such as markets and products, but therefore finding it hard to slow down and objectively look across all the areas of the business. Business planning can, therefore, be hard and feel unusually inward looking.

Regardless of the reasons, not having a strategy that's informed by data and insights or not planning beyond 12 months can have serious consequences for your business. Not only can this leave you blind-sided and unprepared to tackle major barriers, it could also leave your business vulnerable to competition and threaten your long-term growth potential.

To tackle this, we have launched our Business Lens assessment tool, which uses answers provided by business leaders to generate an unbiased and bespoke report around performance, to support a growth-focused business strategy.



MARK SYKES
HEAD OF ENTREPRENEURIAL BUSINESS
BDO

OUR GUIDEBOOK

In this guidebook, we'll highlight the importance of taking a data-led approach to assessing business performance and identifying key barriers to growth. We'll also introduce BDO's proprietary Business Lens diagnostic tool, which has helped ambitious entrepreneurs and their leadership teams across the UK gain a clear and holistic view of their business (as it truly is) in the context of seven core areas that impact growth. Finally, we'll provide recommendations and best practices to help you tackle and overcome key challenges you may face.



IN SUMMARY



MARK SYKES
HEAD OF ENTREPRENEURIAL BUSINESS
BDO

Mark Sykes has spent decades working closely with ambitious entrepreneurial businesses across the UK to help them better understand their business performance and **maximise their growth potential**. One common thread has arisen in each of these discussions – business leaders often self-assess their business performance inaccurately. **As Mark explains:**

On numerous occasions, I have seen entrepreneurial leaders rate their businesses highly in terms of their current growth and future potential. But in many cases, those assessments are far from reality. When we probe if they know what their competitors are doing and how that could pose a threat to their growth, they often don't know. They also don't have the necessary data or a clear understanding of what data they need to be looking at to gauge how their business is performing and make critical decisions. They also tend to focus on areas they have a bias towards, such as sales or product development, which often results in neglecting the wider elements that make up a business. It's also quite common for business leaders to rely heavily on instinct and assumptions, rather than on actual evidence. This results in thinking they're doing well but lacking any evidence to back it up. This can give business leaders a false sense of security and hope for the future growth of their business and leave them unprepared when roadblocks arise, both internally and externally.

We aren't suggesting that you and your team take large amounts of time away from other business priorities (i.e. operations, production, customer delivery and satisfaction, finances). What we are suggesting, however, is that you pause, take a step back, reflect on what it is you truly want to achieve within your business over the next five to ten years. **Then ask yourself, honestly, the following questions:**

- ▶ What's the defining purpose, vision and mission for the business? How has that been translated into an actionable strategy that is clear to everyone in the business?
- ▶ Have we connected the dots between our purpose and our goals for profit and performance? How do all three work together?
- ▶ How productive are our operational processes and teams?
- ▶ What processes, systems and protocols do we have in place to ensure we can deliver what our customers expect and need? Are our existing processes efficient, up to date with the latest technologies and optimised on a regular basis?
- ▶ Do we have the right people in place to help us innovate, build the right products, improve customer satisfaction and deliver against our projected financial targets? If not, what's really holding us back from finding the right talent?
- ▶ What does the 'place' of work look like for us in this new era of hybrid and remote-first working?
- ▶ What are our business goals and how are we tracking how key tactics and initiatives are performing to ensure we hit those business goals within the desired timeline?



In summary:

Businesses need a mechanism for looking across all business areas – processes, productivity, people, place, purpose, profit and performance – and identifying gaps and needs. While I know taking time to pause, investigate and reflect on business performance may feel like a distraction and demand precious time you don't have, it's quite the opposite. It can mean the difference between capturing valuable market share away from competitors and being unable to meet your company's financial obligations. This is where our intelligent, data-informed approach to business growth is vital, as it will help you identify the good, the bad and the ugly quickly and offer actionable insights on what strategies to focus on and implement to drive sustainable growth for your business.



INTRODUCING BDO'S BUSINESS LENS

Over the last few years, we have developed our own growth methodology and assessment tool, known as BDO's Business Lens, to help businesses maximise their growth potential. BDO's Business Lens has been built around seven core areas that impact the resilience and future growth of a business. These include: people, place, productivity, processes, purpose, performance and profit.

Taking approximately ten minutes to complete, the diagnostic tool consists of carefully curated questions across the seven core areas listed above – you simply choose a score from 1-5 to represent how well you feel your business is dealing with that specific area. To help guide you to choose the right score you will get instant feedback on "what that score looks like" within the business ensuring that your scores, and the report, is based on answers which are as close as possible to the reality within your business. Once the diagnostic is completed you will receive, via e-mail, a bespoke report providing valuable insights and recommendations to improve operational efficiency, as well as feedback around opportunities and threats. Using this report, businesses can adapt their growth strategy to ensure it is aligned to a common business purpose.

The vision for the business lens is for it to become an integral part of every clients' experience with BDO. To help create a focus on client centricity through deepening our relationships with, and gaining a greater understanding of, the current situation and strategic direction of each client. The insight the business lens produce will enable us to become your trusted adviser, identifying ways in which we can better support you, in a way which adds demonstrable value and support.

THE SEVEN CORE AREAS ANALYSED WITHIN BDO'S BUSINESS LENS DIAGNOSTIC TOOL

BDO's Business Lens aims to explore each of the seven core areas in detail. A business that has a balanced strategy in each of these areas is likely to be more agile and resilient, will be more capable of driving sustainable growth and will be more attractive to investors.



HOW BDO'S BUSINESS LENS WORKS

IDENTIFYING AREAS FOR GROWTH

Time-poor entrepreneurs need a focused approach to quickly identify the areas needing improvement or challenge. Our Business Lens diagnostic tool offers valuable information to ambitious businesses that they're able to use to build a growth strategy around. By taking this approach, businesses are able to sharpen their focus on what really matters and deliver impactful results quickly. Taking approximately ten minutes to complete, the Business Lens tool is free to access and will provide a bespoke report, which gives you visibility of the key focus areas that will drive your business growth.

WHAT TO EXPECT



A SHORT AND STRAIGHTFORWARD QUESTIONNAIRE

The Business Lens diagnostic takes only ten minutes to complete. You will answer a series of questions under each of the seven core areas, with instant feedback on your score for each question.



A BESPOKE AND INFORMATIVE INSTANT REPORT

Once you submit your answers you will receive a bespoke report instantly, analysing your scores and providing recommendations for areas of focus to ensure your business is resilient, and laying the foundations for strategic growth.



A TOOL FOR ENSURING COHESION ACROSS THE BUSINESS

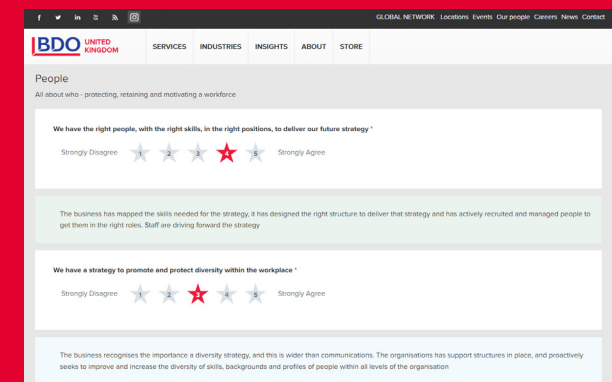
The Business Lens can be used by one or more leaders within the business. If completed by one single leader it will still generate a valuable view of where the future focus might lie to improve the resilience and growth opportunities of the business. Should there be an opportunity for multiple stakeholders to complete the diagnostic, this can be a key exercise to undertake, establishing where those stakeholders hold a cohesive view of the organisation, and where there may be differing views, which can be vital to identify and address.

WHAT NEXT?

BDO is on hand to support businesses make positive change following completion of their Business Lens. We offer a range of advisory support services to help businesses adapt and implement their growth strategy. We can match your needs to one of our best suited experts and set up a call where they can advise on tips and tools to help build out a strategy. In addition, we can compare sector data, giving you an accurate idea of how your business is performing against competitors.

The Business Lens is free to use
and will only take you 10 minutes!

START YOUR BUSINESS LENS ASSESSMENT



1. PEOPLE

People focuses on the 'who' within your business. Do you have people with the right skills and working in the right roles/ functions to drive your business forward? Do you manage the performance expectations of your people? Can you attract and retain talented people who want to grow with your business and help take it to the next level? These all may seem like simple, obvious questions to ask, but it can be quite tough to reflect on your talent needs. It can be even more difficult to evaluate and implement the changes necessary to get the right people on board who believe and invest in turning your business vision and growth ambitions into reality.

INSIGHT

Most businesses state that lack of resource is the biggest barrier to growth, but have rarely identified the skills they need for the future or assessed the skills within their existing team. As entrepreneurial businesses evolve, it seems reasonable to assume people will need to adapt and change their roles to meet future needs.

2. PLACE

This relates to the 'where' within the businesses. While it's often misconstrued as solely being about the physical location and visual appearance of a business, we look at 'place' as being more about how flexible working is offered across the workforce and if your physical or remote workspace encourages innovation, collaboration and wellbeing.

INSIGHT

COVID-19 lockdowns accelerated flexible business models but hindsight is also showing challenges around topics from risk management through to developing future talent. It is important to reflect on what is of short term benefit and what is achieving the main business goals.

3. PROCESSES

Within processes, we explore 'what' the business does. For example, everything relating to transactions, interactions and operations would be covered here. Do you have a resilient and agile supply chain? Do you regularly review, adjust and adapt your internal processes as your business grows and matures? Do you carry out regular risk management exercises to protect the business from potential crises and recover from unexpected disasters?

4. PRODUCTIVITY

This aspect of our diagnostic tool revolves around ensuring effective operating methods, even amidst business disruption. How is your business performing compared to industry benchmarks? Do you effectively drive down the cost of operations? Are there controls to mitigate business disruption? Do your systems and IT support modern ways of working?

5. PERFORMANCE

This is focused on the 'how' within the business. Are you able to implement strategic initiatives and adapt quickly to change? Do you have effective methods for considering future scenarios and making business decisions? Do you keep close to your customers and understand how competitors are increasing their market share?



6. PURPOSE

This is the 'why' behind your business. Do you have a clear vision and strategy that has been communicated to the teams across the entire business? Do your teams anticipate and plan for opportunities and threats that could impact future growth? Does your management team provide clarity to your teams on your value proposition, messaging and target audience?

INSIGHT

Many business owners come up with exciting visions, but then fail to translate their vision across the organisation. While they can identify what customer needs that they're meeting and clarify why they're in business, they often fail to embed these values and purpose into areas like recruitment and supply chain management. The 'why' behind a business is of growing importance to employees, as purpose is now an influencing factor in employees' job satisfaction and performance.

7. PROFIT

This is focused on profitability (both current and future potential). Do you track financial and non-financial KPIs? Do you regularly review products, services and customers to ensure valuable resources are not being wasted on poorly performing areas? Do you understand what your customers care about to help you price your products/services effectively and drive growth? Do you manage working capital effectively to control cash?

INSIGHT

While ambitious businesses are relatively good at identifying growth opportunities, they don't habitually look at old products and markets to consider if they need to stop initiatives that don't align to their business goals. This can lead to poor allocation of resources and create strains on the business.



PRIYAM PATEL
CO-CEO
BRYANT DENTAL

As you scale you realise that it's multiple problems stacked up against other problems, and you have to solve those! And the ones which are most damaging are the ones you never see, and with the Business Lens tool it was actually a very comprehensive set of questions which allowed me to see the business from a whole different perspective and identify various areas where we could actually have significant improvements, and benefit from BDO services to do that.



START YOUR BUSINESS
LENS ASSESSMENT



SHARPENING YOUR FOCUS ON PEOPLE, PLACE AND PROCESSES

In this section, we will focus on the following growth areas that make up BDO's Business Lens diagnostic tool – people, place and processes.

Most entrepreneurs tend to focus on the market-facing aspects of their business, such as launching into new markets and winning new customers. These are certainly important factors in business growth. But if you want to secure investment, be resilient in the face of crises and deliver sustainable growth, it's vital that you prioritise the health of the business too.



MAKING THE CONNECTION BETWEEN PEOPLE AND PROCESSES

The truth is that processes often take a backseat to other more 'urgent' or 'important' areas. But if your processes are outdated and inefficient, that could directly impact your people's ability to do their roles effectively, which could make them feel frustrated and less aligned to your company's values and mission. That, in turn, could affect their performance as they could become less invested in helping the business grow and achieve its goals.

Process needs to help people deliver their skills and expertise effectively and efficiently, mitigating risk and aligning activity with business goals. Poor or inefficient processes prevent effective delivery and are often quoted by staff as their biggest frustration and a key factor driving employee turnover.

The connection between processes and people came up during our Business Lens assessment with **Draw & Code**, which uses augmented reality (AR) technology to produce immersive, engaging physical experiences for some of the world's most influential brands. Over the last few years, the company has secured significant contracts due in large part to its high calibre team and the exceptional projects they have delivered for brands, such as bringing the world of the Terracotta Warriors to life using the latest immersive technology.

Although the company recently secured funding from investors, which will be vital to growing the business and expanding the team, BDO's Business Lens assessment showed that funding alone would not be enough to drive sustainable growth. Because of the highly technical and creative nature of the experiences Draw & Code creates for global brands, not having the right people who believe in the company's purpose, which drives their motivation, commitment and fulfilment, Draw and Code would inevitably struggle to meet its customers' demands, especially as the business matures, grows its customer base and looks to retain and upsell its existing customer base.

The business, therefore, needed systems to efficiently capture project and business performance data without burdening the creative teams as they worked on initiatives. So, processes were quickly introduced as part of the investment so that the creative team could be given the autonomy and space to focus on creativity and innovation. Meanwhile, key operational functions could be outsourced and automated, which also freed up senior management time.

REDEFINING PLACE IN AN ERA OF HYBRID AND REMOTE-FIRST WORKING

COVID-19 disrupted and changed the business community, especially in certain industries like retail, travel, hospitality and leisure. Multiple lockdowns meant that many businesses had to close their doors for extended periods of time and shift to an online-only model. Although it felt clumsy and confusing at the start of the pandemic, most businesses soon realised that they could not only survive in an online-only world, but that they could benefit from increased efficiency and productivity of their teams.

However, as the world is now settling into life post-pandemic, many businesses are reverting to their old ways of doing business and once again are prioritising in-person as the primary form of work and interactions among both employees and customers. This may make sense for some businesses. But we caution against doing so without first asking if it's right and has strategic value for your business. If your employees have been working for the past two years fully remotely and you have seen their productivity, efficiency and fulfilment increase, asking employees to go back to the office four to five days a week could end up hurting your business growth and cause your employees to look elsewhere for employment.

At the same time, the pandemic has completely changed how people think about their place of work. On top of making employees more discerning about a company's values, culture and vision, the pandemic has also made employees factor in the place element much more than they ever did and consider how place affects their sense of belonging, fulfilment and even wellbeing. Most employees are now actively seeking out roles that allow either fully remote or hybrid work – and they're leaving jobs that don't accommodate this.

In the context of our Business Lens, we find that place cannot live in a silo. It often impacts the sense of purpose and fulfilment employees feel towards their employer. So, if a business doesn't think long and hard about how they build the right 'place' for their employees, it could lead to disillusionment, disengagement and eventual turnover.





PROCESS EFFICIENCIES SPEED UP PRODUCT DELIVERY AND BOOST CUSTOMER SATISFACTION

We know processes may not be considered the coolest or most fun thing to work on when it comes to managing and growing a business. But they matter a lot. In fact, processes can make or break your ability to fulfil customer orders efficiently and affordably. For example, if you're a manufacturing company, you'll need to develop in-house processes for manufacturing, storing and shipping your products/goods to customers wherever they may be located.

But what we see often is that, even when entrepreneurial businesses have created such processes, it's only done once and then it's never looked at again. Why is this a problem? Ambitious businesses are rarely stagnant. They grow and mature over time as their customer base expands and customer order volumes increase. While this growth is happening in the background, the processes for product development/manufacturing, storing and shipment will need to be adjusted, refined and optimised. If not, then the business could find the operational aspects of the business do not keep up with the growth trajectory. As a knock-on effect, internal staff will become frustrated at being unable to complete their work efficiently, which not only makes it difficult to fulfil customers' orders in a timely manner but also impacts employee satisfaction and retention.

The importance of process efficiency is something that **Justin Bailes** knows all too well. He shares some words of advice for fellow entrepreneurs that helped the company generate £18 million in revenue in 2021 and grow its team to nearly 300 people.



JUSTIN BAILES
CO-FOUNDER AND DIRECTOR
[TRANSCEND PACKAGING](#)

Be systemised early. If you start out as an entrepreneur, you're used to making all the decisions and running the show; but you will not be able to grow your business beyond a certain capacity. You must systemise, develop teams of people to do roles and have financial information systems that provide you with the information you need to make strategic decisions and course corrections.

DESIGNING PROCESSES TO IMPROVE PRODUCTIVITY

MONITOR OPERATIONAL COSTS TO KEEP THE BUSINESS RUNNING SMOOTHLY

Operational costs are an important element of growing a business. But we often see ambitious businesses overspending in this area. In fact, **research from American Express** reveals that ambitious entrepreneurial businesses in the UK spend an average of £1 million a year on business expenditure. According to the study, the biggest costs include hiring new staff (24 percent), paying suppliers (20 percent) and investing in technology (19 percent).

We're certainly not advising businesses to stop spending money in these areas. The bigger issue at hand is that many entrepreneurial leaders simply don't have a clear view of how much is being spent on operational costs. This tends to happen for two reasons. First, entrepreneurial leaders aren't always knowledgeable about what's included in operational expenses. Second, they tend to think in terms of profitability and don't usually see operational costs as impacting processes, productivity and people.



LAURA STUFFINS
PARTNER AT BDO LIVERPOOL

Laura Stuffins, Partner at BDO Liverpool, believes there's something bigger at play here:

Business leaders often focus on expansion and growth. So, when investment is secured, it's easy to launch initiatives to promote products/services and grow market share. But each initiative should undergo a cost-benefit or ROI analysis to ensure it's been designed appropriately for what the business wants to achieve. Operational spending should also be monitored for performance to ensure that it's effective and delivers the desired outcomes. It's also important to revisit your budget regularly. While it's relatively easy to set a budget based on your performance from previous years, it's only through a bottom-up budget that you can truly reassess if certain types of spending are essential and are delivering benefits for the business. The unfortunate reality is that waste and inefficiency, specifically in relation to operational costs, are all too common in entrepreneurial businesses.

It's quite common for **ambitious entrepreneurial businesses** to invest heavily in building and launching products/services without having any real insight into how much is being spent. Beyond that, business leaders often don't know if those costs align with the larger business goals and revenue projections. But then those same business leaders will wonder why their business isn't growing fast enough, why they're not seeing traction in terms of customer acquisition and why they aren't profitable.



Laura Stuffins concludes:

The reason is quite simple – the front end of the business is running business as usual, but the back end has become disconnected or just hasn't been given the attention it needs to move at the same pace as the front end. What you then see is a heightened state of worry and panic within the business, which often leads to making excuses and taking shortcuts that don't benefit the business.





UNDERSTANDING THE EXTERNAL CHANGES TO ANTICIPATE AND MITIGATE RISKS

The recent history has put a serious strain on ambitious entrepreneurial businesses around the world, and no one could have predicted some of the events ranging from the global pandemic to disrupted supply chains and rising inflation. The lack of predictability should not be a reason for lack of preparation, and for many entrepreneurial businesses, it is these events that present opportunity and lead to competitive advantage. For other businesses however who fail to consider the external challenges and what that means for the way they operate, this can lead to business failure. For that reason, business resilience and business growth are two sides of the same coin and an agile business considers both aspects in its strategy.

Now, most people might think that the pandemic will surely have made business leaders more aware and invested in putting agile risk management strategies and processes in place. But in some of our more recent Business Lens assessments with entrepreneurs across the UK, we found that it's quite the opposite. It has been over three years since the beginning of the pandemic and most entrepreneurial businesses still have no risk management strategies and processes in place.

As a business, you must be conscious of all the risks that could affect your business operations and threaten future growth. But rather than dwell on the already-established risks identified, it's more important to pause, reflect and look at how you addressed risks in the past to see what worked well, what posed challenges and, most importantly, so that you can learn and apply those lessons to how you address current and future risks as they emerge. It is only by learning these lessons that you can shape your organisation in a way that can flex and adapt to shocks and periods of uncertainty.

It is equally important to consider the "what if's" of business, which relates to the emerging trends facing businesses. Businesses do not necessarily have to predict with certainty future outcomes but instead should be considering how different outcomes might impact them to enable them to react quickly and build agility as future events occur.

Global trends currently being felt throughout businesses around the world include short-term changes such as disrupted supply chains and inflation, through to longer-term trends, such as sustainability and ever-changing customer behaviours, which often result in how we do business.

To help build out your agile risk management strategy and processes, it's important to understand which types of risks could threaten your business growth. As things change both internally and externally (i.e. reaching growth milestones, securing funding, rise in inflation costs, or the ongoing energy crisis), it's vital that you're open to regularly reviewing and refining your plans, both strategically and operationally.

THE IMPACT OF GLOBAL TRENDS

As we know, in addition to the internal challenges which can be understood and measured with BDO's Business Lens, there are also external threats and opportunities. The symptoms of these result in high inflation, disrupted supply chains, workforce shortages or changes to how we work. Here we focus on four of those key global trends as we see them as advisers to entrepreneurial businesses in the UK and worldwide. Focusing on these four key areas, and looking at how they interact with each other, helps us to explain the long term shifts in the external environment, and help make sense of the near and long-term changes businesses need to understand and adapt to if they wish to succeed.



RESOURCE RESILIENCE (SUSTAINABILITY)

It is important to recognise that the world we live in is one of finite resources. A business that understands the importance of sustainability can effectively differentiate itself within the market and future-proof itself for years to come. In addition, businesses with strong sustainability values are much more likely to experience lower staff attrition (10% v 16-20% according to a recent B-Lab Survey), much higher innovation, greater market traction, and greater corporate value.

Investors and funds are increasingly placing more emphasis on sustainability, which businesses can use to form a key strategy arising from the shifting demands of the world. However, greenwashing will not work longer-term and only a business that truly engages and adopts principles of sustainability will see the benefits.

SHIFTING GLOBAL ECONOMICS

As we all know, we live in an interconnected world, which was seen throughout the COVID-19 pandemic with frequent global shortages and delays as super-ships became stuck in the Suez Canal. More recently, the conflict in the Ukraine and the resulting sanctions have directly impacted the cost of living around the world and created growing global uncertainty. We are also seeing a shift of power to Asia-Pacific regions, with winners and losers in the capital markets.

The global economic environment leads to a complex world resulting in shifts to near-shore or onshore delivery models, growing pressures for disaster recovery throughout the entire supply chain, and a need to find substitutes and alternative markets for products and services. There is no clear outcome since one business may find itself pushed out of an established supply chain, whereas another may secure new work if it develops the right strategy. However stable the business may feel in the short term, these longer-term forces create inevitable uncertainty.

CHANGING DEMOGRAPHICS

Changes in demographics impact both how we act as consumers and how we choose to work. Although consumer behaviours are often understood in how they relate to retail and B2C products and services, the reality is that our personal buying behaviours often infiltrate wider corporate behaviours. The Amazon mentality of ordering today and receiving within 24 hours, or the Uber experience of knowing where your car is and when it will arrive, all impact how we do business with a need to have more information available to us in order to have better experiences, and for the use of technology to drive how we access services. At the same time, many consumer behaviours were "of the moment" resulting from lockdowns, and therefore uncertainty exists as to which adopted practices related to surviving, and what represents a fundamental shift in how we want to work and operate.

TECHNOLOGY TRANSFORMATION

Technology has led to the fastest pace of change, impacting all areas of business, whether that has been through the use of data to drive decisions, new risks such as cyber crime, the virtualisation of the world with the metaverse and augmented reality, or new ways of delivering services with AI through to robotics and 3D production.

Digital transformation is no longer just about driving cost savings and efficiencies, but it is now essential for businesses if they wish to remain connected to their customers and suppliers and if they wish to deliver the services relevant to their market. The significant upwards investment in technology dominates investment strategies for private equity, and dominates the skills requirements for the future.



Embedding an agile risk management strategy and processes into your business requires assigning ownership, management and accountability for risk and control. We understand this and can provide guidance on how to do this, as we have advised many entrepreneurial business leaders on this matter. In fact, BDO developed its own **risk assessment and controls assurance tool, known as Rhiza**, to make it easier for ambitious businesses to be more agile, anticipate potential risks and mitigate them effectively. More importantly, we can use our Rhiza platform to address risk management issues uncovered during our Business Lens assessment with your business.

FIND OUT MORE ABOUT RHIZA
bdo.co.uk/en-gb/rhiza-integrated-risk-and-assurance-platform

RHIZA



ANDREW MCNAMARA
 PARTNER AT BDO SCOTLAND

Andrew McNamara has some words of advice on embedding agile risk management into the business.

The key is to consider possible market forces that could occur and how they might impact your business. This means considering two different scenarios — a world ruled by increased digitisation and a world with varying crises — and considering what you can do to make your business agile and responsive to change in those scenarios. It's like that quote from Lee Child: 'Hope for the best, plan for the worst.' By planning for these scenarios, you can then build in agile risk management processes that consider every 'what if' scenario, giving your business the flexibility, agility and resilience to address any challenges when they arise.

Taking a break and reflecting is vital. Unfortunately, many businesses haven't taken the time to do so. If that time isn't allotted for pausing, reflection and learning, business leaders will likely fall right back into the same reactive mode as they did with the pandemic. This needs to change so businesses are thinking about and adopting agile risk management as a strategy and embedding processes within the business. That will be instrumental in how ambitious businesses forge ahead and drive long-term growth.

JOINING THE DOTS BETWEEN PURPOSE, PERFORMANCE AND PROFIT

In this section, we will focus on the following growth areas that make up our Business Lens diagnostic tool – purpose, performance and profit.

LAYER PURPOSE INTO EVERYTHING YOU DO TO FUEL PERFORMANCE AND PROFIT

For entrepreneurial leaders, purpose is the 'why' that motivates them, while performance and profit are often what keep them up at night. Often, these three areas are viewed and tackled in silos. But all three must work in unison with each other, rather than in isolation. If you look at [Lounge Underwear](#) and [The Cheeky Panda](#), two fast growth businesses previously featured in The Sunday Times Fast Track league table, it's clear that purpose fuels everything they do and is the connecting thread driving their strong performance and profit.

When The Turmeric Co. and Plum Play founders were asked what kept them going through all the challenges of leading a business, belief in a clear purpose stood out as the sustaining feature. You can hear more of their thoughts on this topic in [this video](#).

While embedding purpose is critical, it can be tough to do for a few reasons. First, there's often a lot of confusion and misunderstanding as to what strategic planning means. Strategic planning is a systematic process of envisioning the future you want to achieve for your business and translating this vision into clearly defined goals and action plans to achieve this. The key is to map your strategy across the seven core areas that impact growth (i.e. people, place, processes, productivity, purpose, performance and profit) so that you have individual strategies for each of the seven growth areas.

While many business leaders think they have a good strategic plan in place, this is often far from the reality. In many cases, business leaders recognise that strategic planning could be useful, but then discount the urgency to put it in place since they've already been running their business for several years and have experienced growth during that time. This is a common attitude and perception that can be attributed to the 'run fast and break things' mentality in ambitious businesses. It's also seen as less of a priority and something that can be tackled when it's time to seek outside investment.

Often, these businesses have considered their product and what they want their product to accomplish. But they have overlooked several critical areas, such as how they will deliver products/ services, what quality measures have been put in place, what 'good' financial systems look like and the 'what if' crisis scenarios they need to be prepared to address. So, while these elements are all missing, business leaders aren't slowing down to take stock and think about what's missing from their strategic plan to reach the goals they set for the business.





CLARE HAWTHORN
BDO THAMES VALLEY

The strategic plan should be less about jotting something down on paper (or PowerPoint). Rather, it should be about the exercise of joining up your purpose, performance and profit and then making sure everything you do is supported, corroborated and executed well.

This has proven invaluable in the case of **Glen Affric Brewery**. Upon taking them through our Business Lens diagnostic tool and assessment, we identified that competing demands for resources could pose a threat to its business growth. This highlighted the need to develop a strategic plan for incorporating alternative outcomes for different parts of the business.

Our Business Lens diagnostic tool also highlighted key strengths within the business that were not initially embedded into the values and the brand. For example, Glen Affric Brewery places a strong emphasis on environmental sustainability and prioritises innovation when developing new products. These two areas, however, had not been communicated as part of the brand's initial value proposition and represented a real differentiator for the brewery against its competitors.

Following our guidance, Glen Affric Brewery proceeded to develop separate strategies for different parts of the business. This led to the company's management team making changes to its organisational structure and improving its view and reporting on business performance. Plus, our Business Lens uncovered less obvious areas that could affect the company's growth, such as the need to sharpen performance measurement by product and market and the need to refine processes in preparing the company for future investment.

ENSURING YOUR PURPOSE REMAINS RELEVANT AS MARKETS CHANGE

Because market demand, product need, competitive landscape and customer behaviours are constantly evolving, that business idea from two years ago will no longer be relevant and new market research will be needed. Gaining a deep understanding of your customer and the varying personas is one of the most useful tools an ambitious business can use to fully understand buying behaviours and what competitors are doing so you can maximise your potential for profit and growth.

Some businesses cite costs as the reason for skipping this, while others think it's either too time consuming or just unnecessary. These aren't good enough reasons to skip conducting regular customer feedback and market research.

We often hear entrepreneurial leaders describe themselves as 'unique' with key differentiators that set them apart from competitors. But when we look at recent investment activity within their sector, we often find a competitor who has recently secured significant venture capital funding (i.e. Series A or B), suggesting that the competitor has a strong advantage, has the financial capacity to achieve its ambitious goals and is primed for sustainable growth. This is one of the many reasons it's so important to conduct market research. As an entrepreneurial leader, you must stay 10 steps ahead of the competition.

The biggest and often hardest first step is prioritising market research. Once that's decided, you need to assign owners and speak to various stakeholders, both inside and outside your organisation. This should include your existing customers, target buyers, investors, analysts and industry experts.

KEY CONSIDERATIONS WHEN CONDUCTING MARKET RESEARCH

Your market research should be a living and breathing document that's revisited and updated regularly as your business grows and matures and as the market landscape changes. Make sure to build mechanisms to monitor the ongoing needs of your customers and innovate your products/services to be future proof.



1

HAVE MY COMPETITORS CHANGED AS THE BUSINESS HAS GROWN?

Your competitors will likely change from when you first launched the business. As you mature, expand and reach new growth milestones, new competitors will emerge and old competitors may evolve, be acquired or even shut down. Make sure to have a clear and defined list – revisit the list often to make sure it's up to date. Try to narrow the list down to five competitors, if possible. There will certainly be additional businesses that have some similarities to you, but they will typically fall outside the direct competitor set.

2

WHAT ARE MY COMPETITORS DOING WELL THAT COULD POSE A THREAT TO MY BUSINESS GROWTH?

In this case, think beyond one specific area of the business. Look at how often and what types of new products/services your competitors are launching. Are they offering more innovative features and more robust customer support? Are they partnering with the kinds of businesses you want to partner with? Are they seeing success with marketing campaigns? Do they have the kind of purpose that all their people are bought into and drives their performance and profit?

3

DO WE HAVE A CUSTOMER LISTENING PROGRAMME IN PLACE?

Your customers are the best source of insights and data. Tap into them every chance you can. Build relationships with them. They can tell you directly why they chose your business, what their needs are (and how they're changing/evolving in the market) and where they would find the most value from a business like yours. The more you speak to and listen to your customers, the more engaged and invested they'll become. This could lead to more partnership opportunities and uncovering new growth barriers, thereby cementing the value and relevance of your products/services.

4

HAVE OUR TARGET CUSTOMERS CHANGED SINCE WE ORIGINALLY LAUNCHED AND WILL THEY CHANGE AS WE CONTINUE TO GROW?

Look at the types of roles/functions and responsibilities of the people you would be engaging with and selling to. What are their pain points, needs, priorities and preferences for buying the products/services your business sells? Have your customers and their needs changed as your business matures and your customer base increases? Are there new buyers you previously didn't sell to, who could be vital to long-term revenue growth?

5

DO WE NEED TO ADJUST THE BUSINESS MODEL TO ADAPT TO OUR GROWTH TRAJECTORY AND ALLOW US TO BE PROFITABLE?

Make sure that you're planning for product development and innovation. Think about the operational costs needed to run the business and how you will balance money that's coming in against money that's going out. This will affect profitability.

6

DO OUR PRICING STRUCTURES AND PLANS ENABLE US TO BE COMPETITIVE?

Think about how you offer pricing tiers/packages based on what your target customers need. Ask your customers what pricing packages they expect to see and what they're being offered by competitors. Look at what your competitors are offering with their pricing and determine whether you want to be more competitive or offer a higher quality of products/services at a higher rate.

IMPROVE THE PROFITABILITY AND PERFORMANCE OF YOUR BUSINESS

It's a sad truth that many entrepreneurial businesses cannot produce sound financial information or convincingly communicate what generates profits in their business. They don't know where cash is tied up in working capital, cannot provide analysis of profitability by customers or products and don't monitor short-term cash flows.

All successful businesses will tell you how important it is to have a good grasp of the financial information within your business if you wish to seek investment and drive growth. The need for sound financial systems and processes to control costs and deliver timely performance data is key in a fast-moving world.

Over the course of the COVID-19 pandemic, many businesses moved from cash to debt by raising financing from banks, venture capital investors and tapping into government support measures. It's important to consider the risk of taking on additional debt within the business as the economy shifts and many businesses have depleted their cash reserves. How will this debt affect your ability to grow and scale your business? Are you currently in negative or positive working capital? These are questions you should be asking and finding the answers to as you plan for business growth.

Working capital management has historically been a big challenge for ambitious businesses. Data from our Rethinking the Economy Study supports this, with 18 percent of businesses citing access to cash as their biggest challenge in the next 12 months. To make matters worse, data from the Office for National Statistics (ONS) revealed that 36 percent of businesses reported having cash reserves of only three months or less.

Our own outsourcing model starts with the need to ensure robust financial systems and processes. From this, it's then possible to deliver business information and insights to support decision making. As the first advisory firm to sign a global agreement with Xero, we quickly recognised the need to shift to real-time reporting systems to provide data and drive insights for business owners. Cloud systems also allow for predictive analytics on cashflows so that early warnings can be given if cash is tied up due to slow-paying customers or slow-moving stock.



KATHERINE O'CARROLL
DIRECTOR OF BDO'S TECHNOLOGY
ADVISORY SERVICE

Katherine O'Carroll specialises in helping organisations enhance their current finance function by making recommendations for improvements to processes and accounting platforms. She comments:

Recognising the importance of cloud accounting systems in helping businesses migrate to real-time data and insights, BDO set up its Technology Advisory Service focused on cloud accounting systems. The fast changing modular tech nature of cloud systems meant that we appointed dedicated experts who could help identify the business needs and advise on systems able to scale with the businesses. The need for accurate, timely performance data is clear for ambitious entrepreneurial businesses.



BOARD PERFORMANCE: ENGAGING PEERS, NON-EXECUTIVE DIRECTORS AND ADVISORS

One of the biggest lessons entrepreneurial leaders find as they build and grow their business is that they're only as strong as the people they surround themselves with. And they need to be open to considering external advice from peers, non-executive directors, investors and advisors. These people can act as a sounding board and offer guidance on various matters within the business.

At BDO, we're firm believers in the value of external advice. Not only does this support and guidance accelerate growth and improve financial performance for businesses, but it's also instrumental in mitigating risks and improving operational performance. In many instances, this external advice can help your business think differently about a challenge or risk, while also opening your eyes to unseen opportunities that could unlock sustained growth for your business.

However, it's quite common for boards in entrepreneurial businesses to lack the right information to make decisions due to the quality of systems or the level of sophistication involved with business processes. What we also see is that business leaders don't know what skills they truly need (and will have the best impact) from their board members. As a result, some boards may have extensive experience in one or two key functions (i.e. finance and sales), but lack key skills in other areas like operations, talent acquisition/retention and culture. These experience gaps can make it tough for the board to keep up with the rapid pace of decision-making required in ambitious entrepreneurial businesses.



ANDY HUDDLESTON
PARTNER AT BDO LONDON

Andy Huddleston has extensive experience in this area. He advises:

Be open and embrace ideas outside of your own. Divergent views are a good thing when discussing challenges or risks with your advisors. It's easy to see things from a single or siloed perspective. Bring in people with different skills, experiences and opinions. But be conscious and mindful of spending too much time discussing the plan with your advisors. You and your advisors' time will be better spent agreeing on actions to address challenges and risks, assigning ownership and accountability within the business and then taking the necessary steps to put the actions into practice.

HOW TO ACCELERATE THE PACE OF DECISION-MAKING AMONG THE BOARD

- ▶ Set clear roles and responsibilities for members of the board
- ▶ Set clear remits for the various boards and meetings, allowing for debate and discussion on key topics
- ▶ Identify the skills needed from the board
- ▶ Provide critical information to the board in a timely manner, ahead of board meetings, to maximise their productivity, input and value
- ▶ Stay on top of timelines so that actions are agreed on and executed in a timely manner



CONCLUSION

There's no magic bullet to running and growing an ambitious entrepreneurial business. It's a different process and journey for each business leader. This is something that Thomas Robson-Kanu, Founder & CEO of [The Turmeric Co.](#), knows all too well. Considered to be one of the UK's fastest growing natural nutrition brands, The Turmeric Co. was named the winner of The Great Taste Awards in 2020.

It's vital that entrepreneurial leaders take the time to pull together a strategic plan that's based on real data and evidence, as that will affect just how far your company can take its growth. Take an honest look at your business performance and ask yourself the tough questions. If you rely on assumptions and internal conversations as the basis for how your business is performing, you'll not only have an incomplete and inaccurate view of your business performance, but you'll also inadvertently set up the business for failure.

Work to your strengths. Within your leadership team, you may have individuals inclined to think shorter term, while others are strategic planners and like to forecast years in advance. There, you have the perfect cocktail of skills to operate strategically day-to-day as well as looking further ahead to identify and overcome any barriers that could restrict your business growth.



THOMAS ROBSON-KANU
FOUNDER & CEO OF THE TURMERIC CO.

When you speak to Thomas Robson-Kanu, it's clear that he's the biggest believer in strategic planning. As he explains:

Sustainable growth is at the heart of everything we do – we want to maintain growth at the same volume. To achieve this, we need the right infrastructure and operations in place, while also meeting our customers' demands and delivering an exceptional customer experience across every touchpoint. BDO's support has freed up our team's time to focus on what truly matters – building a solid foundation upon which the business can grow consistently year after year.



START YOUR BUSINESS LENS ASSESSMENT

To ensure that you've considered each of the key areas within your business, and provide your strategic planning with solid foundations built on real data and evidence, take our Business Lens diagnostic tool now. It's free, only takes ten minutes to complete, and will provide you with instant results and recommendations for immediate ways in which you can improve the resilience of your business and pave the way for sustainable future growth.



...OR [CLICK HERE](#)

ABOUT BDO: IDEAS, PEOPLE, TRUST

Accountancy and business advisory firm **BDO LLP** provides integrated advice and solutions to help businesses navigate a changing world. Our clients are Britain's economic engine – ambitious, entrepreneurially-spirited and high-growth businesses that fuel the economy.

We share our clients' ambitions and their entrepreneurial mind-set. We have the right combination of global reach, integrity and expertise to help them succeed.

BDO LLP operates in 18 offices across the UK, employing 7,000 people offering tax, audit and assurance, and a range of advisory services. BDO LLP is the UK member firm of the BDO international network. The BDO global network provides business advisory services in 164 countries, with 95,400 people working out of 1,658 offices worldwide. It has revenues of \$11.8bn.



IDEAS

Every business starts with an idea and your ideas drive your business or company forward.

We listen to our clients, helping them identify their best ideas. We work with them to accelerate the great ideas and turn them into practical measures and a better business.

We also place smart thinking and innovation at the heart of our work for you. Our culture encourages entrepreneurial thinking because that generates practical advice and insights that make a difference to our clients' businesses.

PEOPLE

Working with BDO means having a strong, professional relationship directly with the people that serve your business. Access to someone who has real world experience and a track record that can only be achieved through dedication and commitment.

We aren't cogs in a machine and we don't treat you like one either. Like each of our clients, we are individuals, and we don't do "off the shelf". We build a team of sharp thinking and smart working people that meet your challenges with you. That is what it takes to make a difference to our clients. Some of us do wear grey suits but we don't think that matters.

TRUST

Where do you look for advice you can trust? You might look at your existing relationships. You'll probably start with Google and there's a good chance you will check some company websites. More than anything, you probably trust the judgement of your peers and colleagues.



MEET THE TEAM

To learn more about how BDO can help your business maximise its growth potential, get in touch with your local contact.



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