

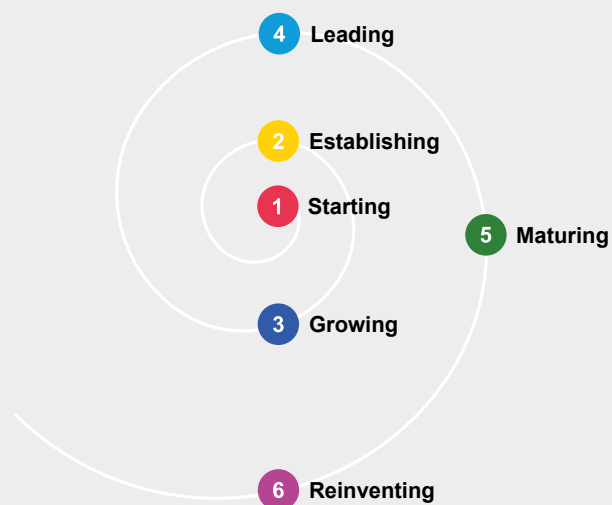


VALUE PARTNERSHIP

Navigating your business journey to successfully scale and grow.

RESEARCH 2017-2018
EXECUTIVE SUMMARY

We're all experiencing the **changing business environment**, as it becomes ever more complex, competitive and challenging to navigate.



The pace of change is accelerating. It will never be as slow as it is today. Scaling a business is not the same as growing a business.

Business leaders face different challenges to scale and grow – driven by the realities of their competitive market and their business model – and where they are on their growth path. Given what we're seeing and experiencing with clients, we decided it was time to map the typical stages in the business journey and what companies need to get right to navigate each stage successfully.

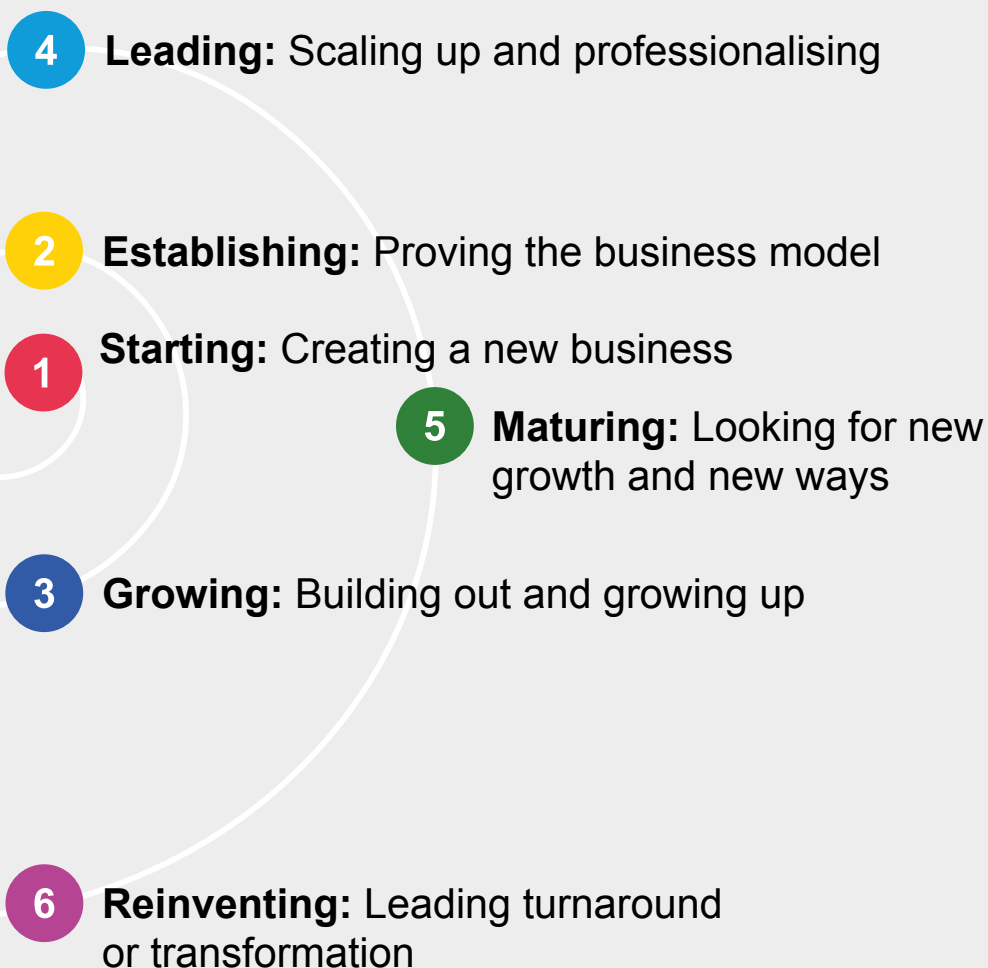
“ First mover advantage doesn't go to the first company that launches, it goes to the first company that scales.

REID HOFFMAN
CO-FOUNDER OF LINKEDIN

“ A scale up is an enterprise with average annualized growth in employees or turnover greater than 20% per annum over a three year period, and with more than 10 employees at the beginning of the observation period.

SOURCE: OECD

Navigating your business journey



Business growth stages

1. Starting

(creating a new business)

The idea takes shape. It is funded by self and/or family/friends. It is that moment when the idea or opportunity first presents itself. It's driven by passion and a belief in what is possible. It is the classic entrepreneur stage of high risk and potential high reward.

2. Establishing

(proving the business model)

This is the proof of concept stage. It's the first 24 months. 80% of new start-ups fold within this timescale so it's all about proving the basics of the model work. It will lead to first round funding as part of it. It's really about the idea finding its direction and getting into revenue and carefully managing cash. The founders and a few new employees are doing everything.

3. Growing

(building out and growing up)

Out of proof-of-concept and moving into being an established business. Pushing hard to grow market share and scale. This is the key stage that requires the shift from the founders and core team doing everything to bringing in some hired help. Funding shifts from early stage to growth capital. Leadership

needs to come to the fore, as whilst the business model may well be proven, the ability to scale is the challenge.

4. Leading

(scaling up and professionalising)

Ownership of the category for the business emerges. From a 'surviving to thriving' mindset where growth issues are the main challenge. How to scale and build the business and its professionalisation whilst preserving its original mindset and the culture that made it successful in the first place. From a funding point of view this could be classic mainstream private equity territory or a strategic investor decides to buy and invest (to help capitalise on the position the business has established). Leadership shifts towards a much more strategic agenda, with M&A also an option.

5. Maturing *(looking for new growth and new ways)*

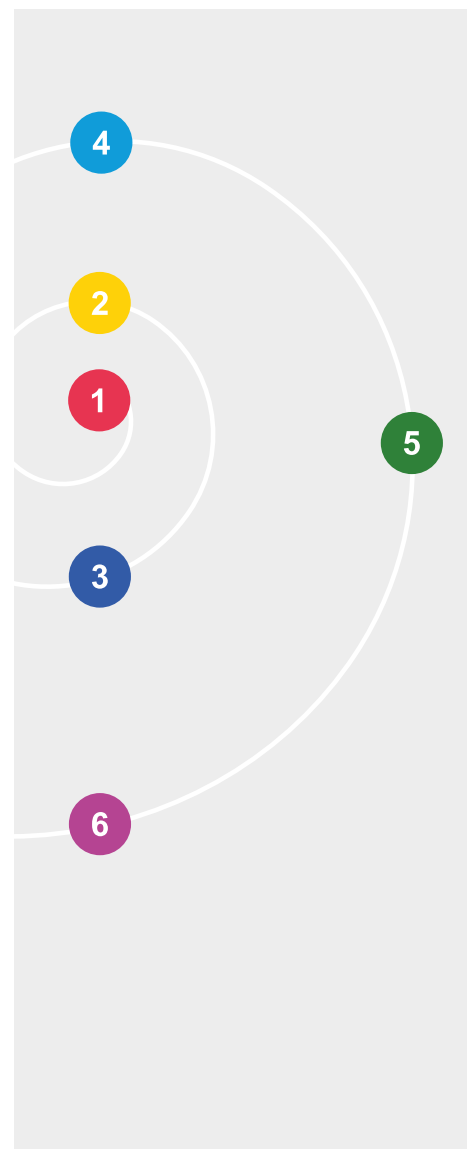
No longer the 'new kid on the block', 5-7 years into the game and critical mass has been established. Looking for the next wave of growth starts to pre-occupy the leadership. Maintaining market leadership becomes harder as there is share to lose. The culture of the organisation feels grown up and

far removed from the earlier stages. It probably needs a different type of leadership altogether. The trick is to find new growth or re-invent. Steady state leads to loss of momentum or decline. Capital is required to find new sources of growth. Finding the right talent to challenge the current business or culture is a balancing act to get right.

6. Reinventing

(leading turnaround or transformation)

The business/corporation has hit a plateau and not managed to move out of maturing. It's turnaround or transformation territory and in all likelihood new leadership is required. It's been marked by a failure to keep the business moving forward. The business is almost certainly owned by private equity or is listed and the tension with managing the shareholder dynamic is often adversarial. This is where the business needs to change significantly its market, product, leadership and culture.





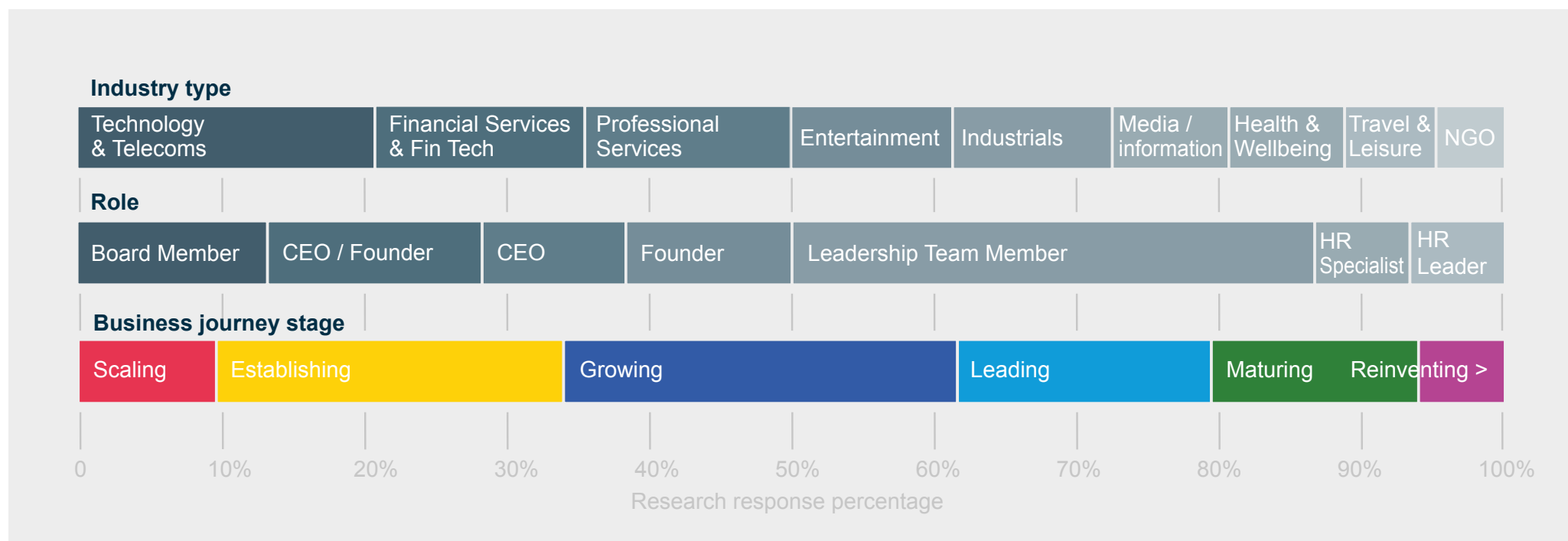
Value Partnership helps leaders, teams and organisations to navigate their business journey

The Research

Our hypothesis was simple: great leadership and a culture that serves the business are defining factors in the success of companies seeking to scale and grow rapidly and sustainably.

Our research, of key industry and business leaders as represented below, comprised three elements:

- 1) An online survey (*81 respondents*)
- 2) In depth interviews (*24 interviewees*)
- 3) Facilitated discussion at our research event (*28 leaders*)



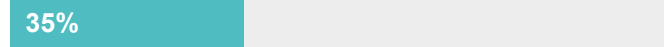
There is no silver bullet. However, the business leaders we surveyed reported several requirements critical to impacting on the successful growth of their organisation. Of these, the top three are: Leadership, Culture & Talent.

Leadership

- Leaders must create a shared belief in the direction of the business
- Leaders need to build pace into their business – to anticipate the next set of challenges and rapidly evolve to meet them
- The third task of a leader is create an organisation that is tight enough to get stuff done but loose enough to flex and evolve as new challenges and opportunities present themselves

“ *The big issue is getting leaders to lead. To step out of the day-to-day, out of the detail, out of being reactive. To think more about the future direction and what we need to do now to get there.*

CEO, B2B TECH SERVICE BUSINESS
STAGE 3 (GROWING)



Our data highlights a genuine uncertainty that today's leaders have what it takes – now and for the future. Less than 35% of companies seeking to scale and grow feel confident in the ability of their leadership team to deliver.

Culture

- Establishing an intended culture and evolving this over time is essential
- Culture is important in shaping the future to the chosen business direction

“ *Strong cultural alignment is the key to pace.*

HR DIRECTOR, DIGITAL PROPERTY BUSINESS
STAGE 4 (LEADING)



Over 55% of organisations do not believe their current culture will support their growth agenda. The right culture retains and inspires the organisation. The leadership role is of overriding importance in shaping the culture.

Talent

- We need to build a talent pipeline to support future growth and scaling
- Talent is at a premium and for many the current 'talent management' methods are not working

“ *The company has a relatively weak talent 'backbone'. Retention and enrichment are both priorities that have received little focused attention until now.*

CEO, DIGITAL GAMING BUSINESS
STAGE 4 (LEADING)



Over 65% of companies believe that their talent pipeline would not support their growth and scaling plans.

Navigating your business journey

We have mapped the high-level stages of this journey and what is required from leadership at each stage on the framework below.

	1 Starting	2 Establishing	3 Growing	4 Leading	5 Maturing	6 Reinventing
Purpose and strategic management	<ul style="list-style-type: none"> • 'The 'why' is clear • Clear ambition 	<ul style="list-style-type: none"> • Proof of concept • Opportunism • Deepen understanding of markets & customers 	<ul style="list-style-type: none"> • Scale up • Specific growth plan 	<ul style="list-style-type: none"> • Short & long term thinking • Shape the market & regulatory environment 	<ul style="list-style-type: none"> • Maximise returns • Make tough strategic choices e.g. M&A 	<ul style="list-style-type: none"> • Pivot & create new focus • Foster new ventures • New vision. New 'why'
Leadership Team	<ul style="list-style-type: none"> • Founder-led • Resilience required 	<ul style="list-style-type: none"> • Add specialists into critical areas • Tenacity required 	<ul style="list-style-type: none"> • Integrated & aligned team 	<ul style="list-style-type: none"> • Raise standards of performance 	<ul style="list-style-type: none"> • Re-energise the team • Deal with complexity & risk • Foster innovation 	<ul style="list-style-type: none"> • New external perspectives • Cognitive diversity
Culture	<ul style="list-style-type: none"> • Clear values • Intentional culture 	<ul style="list-style-type: none"> • Embed values • Make culture explicit 	<ul style="list-style-type: none"> • Keep culture centre stage 	<ul style="list-style-type: none"> • Leverage as a source of competitive advantage • Powerful link to brand 	<ul style="list-style-type: none"> • Leverage your heritage • Revitalise, encourage risk taking 	<ul style="list-style-type: none"> • Readiness to reassess & evolve
Organisational Structure	<ul style="list-style-type: none"> • Informal, agile • Organic 	<ul style="list-style-type: none"> • Clearer roles & minimum process • Embed teamwork 	<ul style="list-style-type: none"> • Team of teams • Empowered Process innovation 	<ul style="list-style-type: none"> • Ownership of performance across teams • Manage complexity 	<ul style="list-style-type: none"> • Lean management • Encourage experimentation & failure 	<ul style="list-style-type: none"> • Appropriate to the stage of business evolution
Management	<ul style="list-style-type: none"> • Focus on fundamentals (customer, product, cash) • Self management 	<ul style="list-style-type: none"> • Build business model & plan • Watch cashflow 	<ul style="list-style-type: none"> • Empowerment • Accountability • Efficiency focus 	<ul style="list-style-type: none"> • Manage excellence agenda • Focus on people & performance 	<ul style="list-style-type: none"> • Marginal gains • Economies of scale • Engage people 	<ul style="list-style-type: none"> • Simplify process • Enable change
Talent Management	<ul style="list-style-type: none"> • Recruit for values and capability 	<ul style="list-style-type: none"> • Inspire & attract talent to take the business to the next level 	<ul style="list-style-type: none"> • Hire & develop for growth • Think strategically about talent 	<ul style="list-style-type: none"> • Capitalise on lead position • Develop to retain 	<ul style="list-style-type: none"> • Retain talent • Ensure ability to reinvent 	<ul style="list-style-type: none"> • Build strategic & change capability
Governance	<ul style="list-style-type: none"> • Driven by regulatory requirements • Otherwise informal • Test commercial viability 	<ul style="list-style-type: none"> • Formalise • Keep simple • Clear on stakeholders 	<ul style="list-style-type: none"> • Align stakeholders • Founder(s) letting go 	<ul style="list-style-type: none"> • Guard against complacency • Founder(s) may exit 	<ul style="list-style-type: none"> • Smart investment • Focus on innovation 	<ul style="list-style-type: none"> • Realign stakeholders • Diverse people • Disruptive thinking

Navigating your business journey

Many companies find that they are not progressing evenly across all dimensions; for example, one company we are working with has not done anything intentional about culture whilst being very developed in other aspects. The value of the business journey framework is in the opportunity to reflect, anticipate and make decisions that will better prepare the business for a different future.

Leaders and managers benefit from knowing where they are and what to expect from the next phase of their journey. A new road map is needed, which points to the coming challenges and allows leaders to think around the corner - and to be ready. That is the real value of the business journey framework.

What's next?

The truth is that what you are doing now will not deliver success on the next step of your journey. As we work alongside clients as they strive to grow and scale - and talk to companies through our research, we will refine our business journey framework and continue to share our insights with you as we evaluate them.

Whether your organisation is at the starting, growing, or even the reinventing stage, we can help you navigate your business journey at every step.

Get in touch to see how we can help.

Tel: +44 (0) 207 125 0336

Email: info@value-partnership.com

Twitter: [@ValuePrtnship](https://twitter.com/ValuePrtnship)

LinkedIn: [linkedin.com/company/value-partnership](https://www.linkedin.com/company/value-partnership)

With thanks to everyone who participated in this research and with special thanks to Culture Amp for enabling our research through the use of their online survey platform.