



Guide to increasing business value

How to Generate Sustainable Growth

Our purpose is to ensure our clients' businesses are always growing in value. This requires clarity of purpose and focus on exactly the right areas, accompanied by rigour in implementation and follow through.

Our experience has helped us identify four elements that require a business owner's focus – to ensure the organisation enjoys strong value growth:

1. Adding value with your brand and product
2. Adding value through your planning and production processes
3. Adding value with great people and teams
4. Adding value with a focus on business momentum and rigour

What enables business value growth?



If you are looking to take the step up from being a successful business to a business successfully attracting investors, then it's all about the extra value you offer in comparison to your competitors.

Business value is more than just your bottom line and sales figures. It's about what you can offer that your rivals cannot.

In business, the key to attracting the interest of investors is building continuous transferable value into the DNA of your company.

Transferable value rests on:

- Clarity of purpose
- Outperforming the market
- Building distinctive brands
- Consistent quality and innovation
- Depth of talent

In the UK we are currently surrounded by inspirational examples of smart companies taking the **spark of an idea** and not just growing it in terms of size and profit, but continually adding real, transferable value to it until they reap the rewards.

Camden Town Brewery was launched in 2010 by three enterprising individuals looking to inject freshness into a stale market. Their innovative brand engaged beer lovers to such a degree that within five years they were acquired by the world's largest drinks company for £85 million.

Graze, an online food delivery service, took just six years to start generating £68 million in annual revenues, expand to the US and undergo a major management buyout from impressed investors.

Boohoo.com, a family-run online fashion retailer, was richly rewarded for its pioneering approach in a competitive sector. Just eight years after launch, its blend of technology and human expertise enabled the sale of part of the family stake in the business for £240 million.

The founders of all these ventures achieved these feats through relentless and passionate commitment to creating and growing value – for their customers and for their businesses.

The ValueMaker team has written this guide for you - the business founder and owner - to help with identifying and implementing the processes that will continue to drive value creation and growth in your business. It's about how you can be sure you have the planning, processes and access to resources to drive your business forward and achieve your ambitions.

The four most important elements you need to focus on to ensure you are always creating and growing value in your business are:

1

BRAND AND PRODUCT

How should you boost your brand's profile and credibility in your target market and own a unique and valuable space in their hearts and minds?

2

PLANNING AND PRODUCTION

What improvements and changes do you need to make to your planning or production processes to be more efficient and enable you to easily scale as demand increases?

3

PEOPLE

How do you find the talented individuals who will execute your vision and create a culture that attracts investors?

4

BUSINESS MOMENTUM AND RIGOUR

No system, infrastructure, service or product will thrive without a focus on professional standards, financial planning and clear goals and ambitions.

STEP ONE

Adding value with your brand and product.

At ValueMaker we know that the companies that flourish are the ones that are all about the customer. Satisfying your customers is key to creating a **sustainable value proposition** and winning customer loyalty.



The ability to create consistent products and services where quality is more defining than exaggerated distinctivity will build brand loyalty.

Combining a quality product portfolio with innovation in channel strategy, customer service, marketing activity and message will lay excellent foundations for the building of an organisation that has the potential to offer genuine value to investors.

These are the factors you need to consider to ensure you optimise your brand and product:

Decide what your positioning and distinctive unique selling point will be and build everything around it.

From packaging visuals to content messaging, it's essential you have a joined up approach to all aspects of your company's persona.

Your branding may be smart and enticing enough to attract new customers, but the consistent quality of your product is what keeps them coming back and telling others about you.

The best branding in the world won't disguise an inferior product.

Quality sells.

Camden Town Brewery and Graze have always ensured they use only the finest ingredients in their products and deliver a taste experience that sets them apart in their markets. Distinctiveness and a commitment to being the best conjures up a potent mix of loyalty and trust in customers and investors.

Your marketing plan should clearly communicate the quality of your product.

Be confident in what you've built and make sure the world knows about it.

CASE STUDY

Camden Town Brewery

COMPANY:

Camden Town Brewery

FOUNDER:

Jasper Cuppaidge

NUMBER OF EMPLOYEES AT LAUNCH:

Three

NUMBER OF EMPLOYEES TODAY:

70+

STATUS:

Bought by AV InBev in 2015 for £85 million

In 2010, Camden Town Brewery was one of the early pioneers of the microbrewery UK Craft sector, fiercely loyal to its mantra of “great beer for everyone”.

Needing to stand out from the major labels it was competing against, Camden worked hard to ensure the brand’s packaging included a “clear reason to purchase” and the taste of its product appealed to craft beer aficionados.

The packaging was smartly designed to be engaging and give a clear signal it was holding quality beer. It focused on standing out among a seemingly saturated market dominated by larger, multinational players and offering a fresh injection of taste to thirsty beer drinkers.

Camden Town Brewery’s rapid rise to success owes a large part to its ability to make itself distinctive among the visual language of craft beer and become a staple consumer choice, rather than a novelty flirtation. This gave the brand real value in the eyes of investors.

From the start it played ‘the long game’ – leveraging customer loyalty and recommendations to grow value. A survey in 2016 found that 89% of customers were willing to recommend its products to friends – offsetting the brand’s relatively low awareness level and allowing it to continue to flourish.

WHAT WE CAN LEARN FROM CAMDEN TOWN BREWERY:

- Establish your core brand message and ensure it is embedded in everything from your packaging, advertising, website and all direct interactions with customers.
- You need to be distinct, but not a novelty. Your distinctiveness helps shape your value to your customers and investors.
- Quality is everything - make your product something consumers feel cannot be substituted for anything else. For beer lovers, Camden Town Brewery offered a product experience that was unique to what was being offered by traditional alternatives. This created real transferable value to the investors that eventually moved for the brewery.

STEP TWO

Adding value through your planning and production processes

Thanks to technology, the cost entry barrier to setting up a business today is lower than ever. With the right expertise, marketing nous and sales skills, you can quickly build a promising customer base.



But that's only the first step on the journey to success. What's vital is that you put in place the planning and processes needed so that you can scale rapidly while maintaining the quality of product that people first found attractive.

If sufficient planning and commitment isn't put behind the production capability and the business is unable to scale, the venture will be shaped by its limitations rather than by its potential.

This is what you need to consider to build production and planning processes that foster the perfect conditions for growth:

Measure your business performance on your ability to meet customer expectations on time, on budget and in full.

Supplying a great product once isn't enough. To earn and maintain a customer's trust, you need to be able to provide the same high quality week in and week out.

Is your smart marketing activity set to increase at a given time?

Then make sure your production plans are in line with that. Not aligning your marketing and production can upset customers and rob you of hard won momentum. Build your production processes around your marketing plan, not the other way around.

Identify opportunities for greater operational efficiencies.

Never stop looking for ways to streamline processes or try new technologies that can improve your productivity.

Do your facilities give you room to scale production?

When you choose your premises or a plant, make sure you insist on multiple reference site visits to ensure you have room to allow for your planned growth, and that you have a deep understanding of processes, potential problems and the subtleties of efficiency and practicality of operation. And before buying or renting, be sure to make multiple site visits to get a grasp of both potential upsides and downsides and consult any available local knowledge.

Even the best laid plans of mice and men go astray.

Ensure you have the resources to ride out any setbacks, making sure to always learn from the experience and take steps to avoid repeat problems.

CASE STUDY

Graze



COMPANY:

Graze

FOUNDER:

Graham Boshner

**NUMBER OF
EMPLOYEES
AT LAUNCH:**

Seven

**NUMBER OF
EMPLOYEES
TODAY:**

500+

STATUS:

Carlyle Group led a management buyout in 2013. By 2014 had generated over \$68 million in revenue.

Graze is a groundbreaking British-led healthy snack company operating a hugely successful subscription based delivery service to homes and offices.

It places great emphasis on using technology and customer data to refine existing products and launch new ones. Graze's customer feedback system and in-house developed algorithms enable it to launch new 'snack packages' within 48 hours. Since its founding it has released over 1,000 products.

Despite skepticism from the FMCG industry about its untested subscription model, Graze was so confident it made scalability a core part of its business planning before it even officially launched. In this way it was not only able to scale rapidly when demand rose, but was able to steal a significant march on the copycat companies that soon followed.

Able to get a new product to market within 48 hours and with a digital customer engagement process set up to get instant feedback from subscribers, Graze's product design is powered by drawing upon the 15,000 customer reviews it receives hourly.

Prior to branching out to the US in 2013, Graze developed a 'Postal Brain' algorithm and sent 10,000 dummy packages to test the system. It used the data that resulted from these trials to work with US postal service to ensure everything ran smoothly before launch, enabling the business to meet expected demand.

Intelligent use of data has allowed Graze to take risks and be far bolder in its strategy than many direct rivals. CEO Anthony Fletcher has spoken of how this approach is possible because they made scalability an integral part of their planning from the outset.

WHAT WE CAN LEARN FROM GRAZE:

- Don't wait until success arrives to start looking at how you can scale – by then it will be too late!
- Make scalability central to both your production and marketing plans and ensure these plans are fully integrated. You can't afford to have silos in planning.
- Put customer data and feedback at the heart of your production design, allowing you to refine and improve your products and to help inform the creation of new lines. Such planning and execution is a tangible value asset that is hugely attractive to investors.

The **hard questions** you haven't yet asked yourself yet are the challenges we've already answered for business leaders like you.



STEP THREE

Adding value with great people and teams



Having the right brand and product with the perfect planning and processes in place gives you a great head start. But having the right people to execute your vision is what keeps your momentum building as your business grows.

Never forget that motivated, engaged, diligent people are a company's biggest asset. Investors invest in people as much as they invest in ideas or products and so should you.

Too hands-on an approach by the founders after the first phase of business growth can seriously compromise later value. If the energy, drive, expertise and discipline leave when the founders do, the business becomes a much less attractive proposition to the investors. A golden rule of selling a company is "the more interested parties the better the price".

The aim has to be not simply nurturing a competent managerial-layer, but an entrepreneurial one. That's one of the most important factors when it comes to creating transferable value in your business and attracting as many interested parties as possible.

These are the areas you need to consider when it comes to making sure the people you hire add value to your organisation:



Investors respond to creative, professional and strong leadership.

Investors bought into Camden Town Brewery and Graze's founders and leaders as much as they did the product and brand.



Hiring the correct people and planning for people growth.

This is as important as planning for sales, revenue and volume growth.



Hire strategically.

Plan carefully the trigger points for making new hires and stick to your plan. Make people a strategic part of the business plan, not an ad hoc process when your organisation gets swamped with new business.



Accept with each new hire that the role of the founding partners will change.

Founders should prioritise planning the future and leading their team, not managing the status quo.



Don't just hire people like you.

The best teams have a mix of backgrounds, skills and working styles. It's about crafting a team that will add up to more than the sum of its parts.



Hire expertise.

Training staff is hugely rewarding and can be a fantastic way to develop people, but there will be times when it's far more efficient and cost-effective to hire experts from your sector who can immediately start adding value to a growing company.

CASE STUDY

boohoo.com



COMPANY:

Boohoo.com

FOUNDERS:

Carol Kane and
Mahmud Kamani

**NUMBER OF
EMPLOYEES
AT LAUNCH:**

Three

**NUMBER OF
EMPLOYEES
TODAY:**

500+

STATUS:

2014 IPO saw
Kamani family
sell £240 million
in stock

Fashion ecommerce site Boohoo.com is one of the UK's most successful family-run businesses. Founders Carol Kane and Mahmud Kamani had complimentary skill sets that gave Boohoo.com a dynamic start.

Kane's background in fashion design and creativity perfectly fitted with Mahmud's retail fashion background, giving them an inbuilt competitive and strategic advantage.

Boohoo.com promote a work ethic called PACT – standing for "Passionate, Agile, Creative and above all – Team". CEO Carol Kane believes this ensures the team share the same values and passion for what they do and keeps them moving in the same direction.

A belief in heavy investment in staff development and placing value on every person's contribution to the organisation has allowed Boohoo.com to grow their team significantly year-on-year while maintaining the working culture that enabled them to thrive from the outset.

As well as developing in-house staff, Boohoo.com never hesitated to seek and acquire world-class expertise to bring in skillsets and expertise that adds value and improves the execution of the venture's longterm strategy. This policy continued after their IPO when heavyweight industry retailers were brought in and maintained the company's impressive momentum.

**WHAT WE CAN LEARN
FROM BOOHOO.COM:**

- No matter how strong your brand, without the right people and right working culture your company will stall. Build the right culture and keep nurturing the development of your staff.
- Approach your hiring as strategically as you do all other aspects of your business. Bring in the expertise that helps you develop a strong senior managerial layer – adding value to your organisation and keeping your business moving forward.
- Value diversity in your management and don't be afraid of mixing seemingly opposite skillsets or personalities. Sometimes it's all in the blend.

STEP FOUR

Business momentum and rigour



As a business owner, having the elements of brand, product, planning, production and people in place means you have a fantastic framework to build a highly attractive company.

But all of these pieces of the puzzle must be constantly driven by a rigorous approach to corporate governance and a commitment to setting goals and measuring performance.

A professional and responsible attention to detail concerning such things as finance issues, employment law and compliance with business regulations will allow your company to keep a powerful momentum rolling.

Identify actionable steps

Visualising an idealised version of where you want your business to get to in the distant future is healthy and inspiring. But dreams only become reality if you connect them with the here-and-now, via clear and actionable steps towards that ultimate end point. Once you've identified your steps, prioritise and focus on them while putting the required resources behind their delivery. Ensure you are constantly tracking your progress against the outcomes identified for each individual action.

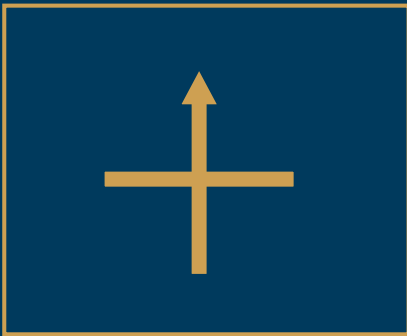
Start small, but always think big.

Take everything from health and safety to tax codes seriously from day one. Smaller businesses are subject to less stringent checks and government scrutiny than larger companies and less likely to be subjected to damaging lawsuits if problems do arise. Don't allow that to lead to relaxed standards. Seek professional HR advice early to ensure compliance with employment law, efficient basic processes and a sound talent development strategy so that you don't lose momentum making adjustments and changes when the pressure is on down the road. For any investor a less than perfectly maintained standards record sets alarm bells ringing. Be squeaky clean in everything and bring in the professional expertise needed from the start to oversee all aspects of corporate governance. It will pay off.

Clarity in numbers

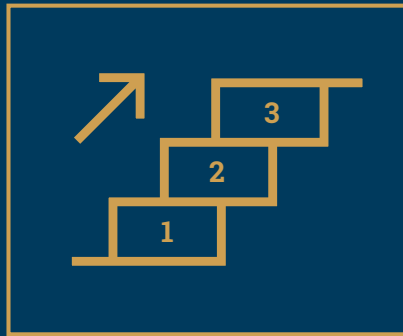
Numbers matter. Whether financial digits or production figures, embrace them, rather than fear them. Ensure all stages of your business, production and financial plans have clear goals you can measure yourself against and constantly check your progress. As well as giving you focus and drive, evidence of systematic planning inspires confidence in investors and demonstrates leadership. Organisations with the sharpest focus will always make the fastest progress. Most importantly, balance the books. Always have clear financial targets and an understanding of how you access the capital you need to survive, scale or innovate. Nothing breaks business momentum or stifles innovation more than cash flow problems.

4 KEY POINTS TO SUCCESS



STRONG PLANNING AND DRIVE ADDS REAL VALUE TO YOUR COMPANY.

Giving investors a clear oversight of where you've come from, where you are and where you are heading.



BREAK DOWN YOUR VISION INTO CLEARER AND MORE ACTIONABLE STEPS.

Stay focused on keeping momentum through each stage.



COMPLIANCE IS KEY.

Act like a large business from day one and get everything from tax to HR right from the off. It will allow you to smoothly transition through each phase of growth.



STAY ON TOP OF YOUR FINANCES.

Know where you are, what you have and what you can access at all times.

About this guide

This is one of a series of free guides from ValueMaker aimed at helping founders and business owners negotiate the complex process of obtaining investment or selling their business.

The series looks to break down the key issues, processes and strategies that business leaders need to navigate to maximise their chances of a successful outcome for their company, team and future.

If you have found this title of use, please visit www.valuemakeruk.com/resources/ for other guides, including:



Guide To Achieving A High Business Valuation

5 Mistakes To Avoid



Guide To Preparing Your Business For Sale

Everything You Need To Know



Guide To Incentivising Your Team And Winning Investment

The Five Steps To Success

We share your passion, your goals and your motivation. Your success is our success.

We love (and live) the challenge of helping add the value that maximises the opportunities and potential of every business owner we work with.

We don't believe in advising from a safe distance or spouting generic management theory. We roll our sleeves up and get stuck in on the ground with you.

At ValueMaker our team's vast experience in creating transferable business value is channeled to support your organisation, helping you get the buy in you need from your teams to move forward with clarity and purpose to achieve your ambitions.

Achieving Ambitions

Capturing the passion of the leaders in the business and harnessing that to commercial success through vision, mission and strategy. Then driving this into action using accountability, responsibility and commercial creativity to create business momentum.

Building an Enduring Team

Creating a business with a future by developing talent at every level Getting to grips with people, teams, development and performance management through coaching, team building, conflict resolution and continuous assessment.

Developing Financial Strength

Building every aspect of the financial system you need to capture value. This includes not just solid management information systems for accurate and timely reporting but also robust financial strategies and acumen to help understand the performance of the business and improve decision making.



If you think ValueMaker can help you to grow your business, get in touch today:

T. 0203 286 5305

E. enquiries@valuemakeruk.com

in [value-maker-ltd](#)

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www.valuemakeruk.com