

The Flair Business Growth Formula



10



Strategies to help you build a high-growth company

OR HOW TO MAKE YOUR OWN LUCK IN BUSINESS!

Summary Edition
by Mike Ames

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Foreword

Business isn't so hard really. If you follow some very simple rules and keep going you're more likely to succeed than fail. Of course, some rules deliver better results than others and that's why I like this book.

I recognise Mike's 10 strategies as pretty much the ones I used to build the Pertemps group into a billion-pound organisation.

It really is all about an obsession with quality, great people and a sales engine to power your growth. I always say that my workforce are my family so the strategy that talked about treating staff like partners really connected with me.

Pertemps began in 1961 and there's no way anybody could run a business for that long without understanding its clients' needs and continually innovating to meet them. Mike is quite right, if you don't pay attention to what your clients tell you, you're dead in the water.

In precis, Mike's view of achievement is that you exceed your customers' expectations; you care and share with both your colleagues and your suppliers and with constant effort and the above approach – you will succeed. I've always believed that Mike's approach to business was very like mine, a belief that has now been confirmed by this book.



Tim Watts
President for Life
of the Pertemps Group.

Introduction

Business growth isn't that hard really provided you can break it down into manageable chunks you can deal with.

Well, that's what the Flair Business Growth Formula is: a collection of ten strategies that combine to make the complex, simple.

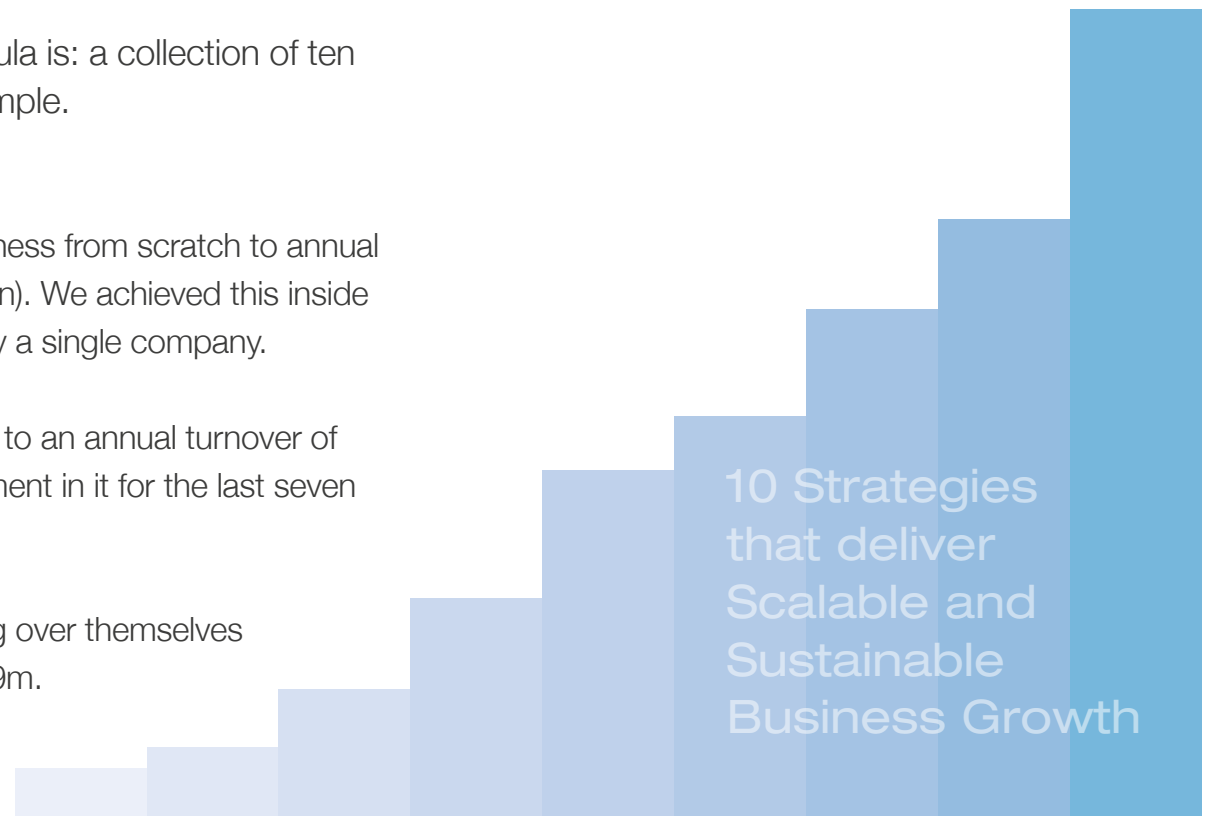
But does it work?

Well, I used a basic version of it to grow my first business from scratch to annual revenues of £40m (£63m in 2017, allowing for inflation). We achieved this inside a decade and it was all organic growth; we didn't buy a single company.

The formula also helped me build a second business to an annual turnover of £24m and I didn't even have any meaningful involvement in it for the last seven years of its life!

Both companies were sold to buyers who were falling over themselves to acquire them and for a combined sale value of £39m.

“The Flair Business Growth Formula is a collection of ten components that combine to make the complex, simple.”



In fact, the professional advisor who sold my first business told me we'd managed to achieve a 35% sale price premium over similar companies being sold at the same time. **Awesome!**

I've also used the formula to help countless other companies to grow their revenues in a similar way.

Let's face it: the Flair Business Growth Formula works!

We're going to look at those ten strategies now but please remember this is the Summary Edition of my eBook. If you want the Extended Edition which contains a lot more detail, then head over to flair.co.uk/BGF and download it for free. Also, if podcasts are more your thing you can also download it in audio format.



Strategy 1

Build and share a compelling vision



“As the leader of your business you’re responsible for providing a clear vision of the destination you’re leading everybody towards, and the roadmap to get there.”

You also need to communicate why you want people to join you on the journey, what their role will be, what’s in it for them and how far you’ve reached.

Live and breathe the vision yourself and others will too.

So, what we need is a destination, a roadmap, a milometer and plenty of communication.

The destination – your vision.

When it comes to a vision simple is best. No sense in writing a 30-page document that few read and even fewer absorb. I’d say no more than three pages in total.



The vision should contain a description of what the company will look like in say 3 or 5 years’ time. You can describe this in turnover, profit, product portfolio, market position or any other metric that means something to you.

You might also like to explain what it would be like to be an employee and a client of the business when the vision is realised. That may sound strange but it's well worth doing!

You're aiming to provide the reader with enough information to build a picture of the future that you can achieve together.

Finally, allow your staff to contribute to the vision because it's a great way to gather their ideas and gain their buy-in.

The roadmap – how you're going to reach your destination.

The roadmap is a list of changes to your business that will help you reach your destination.

I've found the best way to tackle your roadmap is in three phases: discovery, analysis and creation.

- **Discovery:** ask the key stakeholders in your business to score the main aspects of it out of ten e.g. quality, sales, client care, recruitment, training and development, accounts, production and so on.
- **Analysis:** discuss the results with your senior team to arrive at a single score for each aspect.
- **Creation:** agree the changes you need to make to improve each of the scores. This isn't a detailed plan but rather a list of the projects you need to implement to reach the vision. Once again, keep it brief.

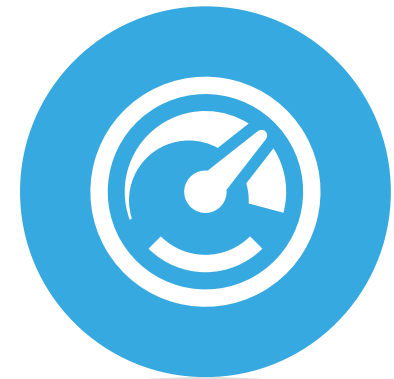
So now you have the roadmap to help you reach your destination.



The milometer – to tell you how far you've travelled.

This is a simple half-page dashboard of the metrics you included in your vision which will communicate to the staff how far you've travelled.

You can also include progress on the change initiatives too. Easy to measure, easy to understand and an accurate description of how far you've travelled.



Communication – keeping the journey alive.

As the leader, it's your responsibility to keep the journey alive by communicating progress on a regular basis in meetings and by email.

No matter how small the news, make sure you form a dependable habit of sharing it with the entire staff and encouraging them to ask questions and give feedback.



Strategy 2

Create a proposition that passes the 'so what' test



“Ensure your proposition stands out from those around it for all the right reasons, giving the buyer a reason to choose you.”

Passing the 'so what' test means a buyer doesn't just look at your product or service, shrug and say, "So what?" Your proposition must stand out to give the buyer a reason to choose you.

In truth, most propositions don't pass the 'so what' test.

Converting an offering into a proposition

At the centre of your proposition is the product or service you want to sell.

Surrounding this are what we call 'so what' features, which have been added specifically to make your offering stand out.



YOUR PROPOSITION

In other words, you're going to add a layer of features to your offering to make it more attractive to your buyers. But first it must pass this simple test: -

- **It's fit for purpose** – it does what it says on the tin. Quality, quality, quality!
- **It's not over priced** – higher cost without higher value won't work.
- **It has credibility** – a track record of delivery making it a safe bet.
- **The market wants it** – people want to buy it.

Your 'so what' features stem from the **peripheral needs** of your clients which you should be able to identify by exploring their preferences and unfulfilled needs.

Each peripheral need should generate a feature to match it. Choose the right peripheral needs and you end up with a proposition that passes the 'so what' test.

Reach out to your clients to find out if your new proposition passes the 'so what' test. If two thirds, or more, give you the thumbs up then you have a winner. Any less and you should head back to the drawing board.



Strategy 3

Be in control of how your business grows



“Have the right management reports, targets, diagnosis data and a structure of meetings to help you manage the whole thing.”

This is a crucial strategy that powers growth and increases the value of your company. Let me define it in three ways: -

Scalable: the business has no bounds on the size it can grow to. In smaller businesses the biggest obstacle to scalability tends to be people.

Sustainable: the ability to continually generate new leads and convert a percentage of them into clients.

Controlled: complete visibility of what’s happening now and an accurate prediction of what’s going to happen in the future.

Now, before we look at the approach I have always taken to controlled business growth I’d like to expose what we call the **Great Marketing Myth**.

“The more you spend on traditional marketing activities the more your revenues will increase”.

OK, smaller deals are mostly won through traditional marketing activities because it’s the only viable way to do it. But, most bigger deals usually stem from a relationship of some kind.

So, when seeking high-value clients, success depends upon your ability to build and monetise strong business relationships with the right people and not how cool your website is or the number of emails you send out.

The next question must be “how can we build and monetise business relationships on an industrial scale?” Let’s look at that next.

Revenue Factory

A Revenue Factory is a combination of people, processes, tools, techniques and controls that deliver a scalable business you’re in control of. It’s also more attractive to potential buyers too!

This is what it looks like.



The production line

The first four stages manufacture clients, whilst the fifth generates revenue from those clients.

- **Capture:** identify good quality prospects that would make valuable clients.
- **Connect:** starting a dialogue with a well-protected prospect who doesn't know you and believes they don't need you.
- **Convert:** strengthen your relationship with the prospect until an opportunity arises to convert them into a client. This is all about discipline, organisation and control.
- **Close:** a formal or informal pitch to win the business – this is when you start making money!
- **Cultivate:** client care to maximise revenues, preserve margins and protect from competitor attack.



Support services

These tasks are typically carried out by marketing, sales support, the communications team and HR. The challenge is to deliver them in a way that avoids the Great Marketing Myth and several other bear-traps that hamper their effectiveness.



Strategy 4

Never stop listening



“People don't reach out and listen enough and they suffer as a result.”

This is about encouraging anybody who could have a valuable opinion on your business to tell you what they really think.

- **Clients:** they know your product better than you do because they use it.
- **Staff:** they see things in your business you don't.
- **Suppliers:** have a different perspective again.

Your job is to gather this information and then act upon what you learn.

What happens if you stop listening?

The best outcome is you lose a deal or two before you realise what's happening and put things right. The worst outcome is you leave it too late and lose the client.

If you don't listen to these important stakeholders you will be worse off and, in extreme cases, the outcome could be fatal, just ask Blockbuster Videos or Kodak!

How can I listen?

Let's look at the three main sources of feedback.

Your clients

You can use a combination of a formal Voice of the Client (VOTC) initiative, quality reviews, and informal social events – they all have their place.

Your staff

One obvious way to gather the opinions of your staff is a suggestion scheme where ideas are gathered, assessed, acted upon and progress reported back to the originator.

Again, relaxed social occasions can also produce some very good suggestions.

Your suppliers

There's no doubt that suppliers can see inefficiencies and failures that are hidden from you, especially for the parts of their business that interface with your product or service.

Your job is to make people see that no bad things will happen to them if they tell you the truth, as they see it.

What can I do with what I've learned?

We'll provide a more comprehensive answer to this question in our sixth strategy, which deals with innovation.



Strategy 5

Develop an unhealthy obsession with quality



“Quality is decided by your clients, not by you.
Your job isn't done until your client is happy.”

The key thing to remember is that quality is decided by your clients, not by you. It doesn't matter if you've followed the procedure to the letter and ticked every box; your job isn't done until your client is happy.

So, it's important to ask your clients what they think of every aspect of your business that they see or are affected by.

As mentioned above, feedback can best be gained from a formal quality review and a VOTC initiative conducted by yourselves and not outsourced to a third-party company.

Make it easy for your clients to criticise you and reward them for being brutally honest. Never push back or explain away, just take it all in and thank them for their valuable feedback.

But what should you do with all this data you've gathered?

The answer is set up a change control team, which we'll explore in more detail in the next strategy.

Strategy 6

Innovate or die



“Get big by going small.”

Let's remind ourselves what can happen if we fail to innovate. Market leaders such as Blockbuster Videos and Kodak went bankrupt whereas others such as Blackberry and Yahoo went into steep decline.

You might think that big innovations are 'where it's at' but you'd be mistaken. Small innovations are easy to identify, easy to implement and often carry little or no cost with them.

But, can these 'marginal gains' really have an effect?

In 2003 David Brailsford became the performance director for the British cycling team and implemented a policy of marginal gains.

In his own words “The whole principle came from the idea that if you broke down everything you could think of that goes into riding a bike, and then improved each part by 1%, you will get a significant increase when you put them all back together.”

As a result, the British team has dominated cycling for a decade both in the Olympics and the Tour de France.

'It's quite easy to implement a marginal gains process, so let's look at that next.

Change Control Team

You need to control gathering the ideas, deciding which ones to use, implementing the agreed changes and keeping everybody informed. This is best achieved through a change control team.

Without this discipline, your innovation programme will lose momentum and eventually fade away.

If you're a small organisation this may be a team of one!

Marginal gains in operation

Everything you need to make your business successful and keep it ahead of the competition is in the minds and hearts of your clients, staff and suppliers.

All you need to do is find out what this is and act upon it. This is achieved in three stages; -

1. **Capturing new ideas:** we looked at how to do this in strategy 4.
2. **Test:** to assess whether each idea would result in an improvement.
3. **Implement:** change processes, update documentation and up-skill as required.

In closing

The need to continually innovate is obvious, yet many companies reach a status quo that works for them and then steadfastly refuse to change it.

The best way to innovate is to focus on marginal gains. Every month your offering, or the way you sell it, make it, support it or measure it, should improve by a small amount.



Strategy 7

Treat your clients
95% like
your friends



6 Advocates buy more, stay longer, mess you about less and, when you drop the baton, they help you pick it up. Advocates make economic sense. 9

True friends are honest and trustworthy and will be there for you when you need them. Many will also do things for you, just because they can.

Imagine if your clients acted like your best friends. We call these clients advocates and your objective is to create as many of them as you can.

But why bother?

Well advocates buy more, stay longer, mess you about less and, when you drop the baton, they work with you not against you. In short, advocates make economic sense.

Warning: whatever your relationship is with your clients, it must be genuine! Clients don't like 'fake friends' and they can spot them at 100 paces so always be authentic!

Can everybody become an advocate?

The short answer is no, they can't.

Some people like to keep their suppliers at arm's length for commercial reasons, others are just very private people. Whatever the reason, you can't turn all your clients into advocates.

How to create advocates

There are five things you can concentrate on if you want to convert clients into advocates: -

1. Regularly spend non-work time with them and get to know them as people.
2. Learn their needs and preferences and act upon them.
3. Make it personal to them: always make them feel like an individual.
4. Add value by doing things that benefit them in a tangible way.
5. Build trust: keep secrets; don't lie and always keep your promises.

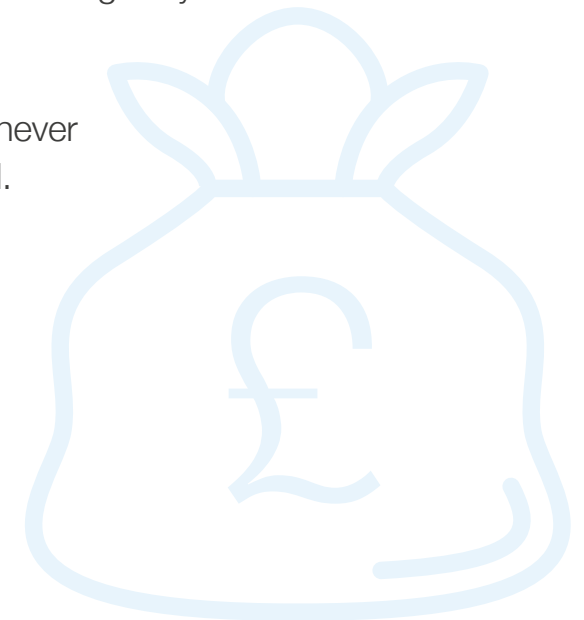
Don't forget the money!

I haven't said you should treat your clients 100% the same as your friends for a reason. You make money from your clients but not from your friends.

Even though you like them and enjoy their company you still must make money. They'll know this but you need to remind them and it doesn't need to be awkward doing so.

Arrange formal quality reviews, ask for visibility of their future requirements and regularly have business discussions.

But do so in the office and never when you're out on a social. Establish boundaries and keep to them.



Strategy 8

Hire and invest in the right people

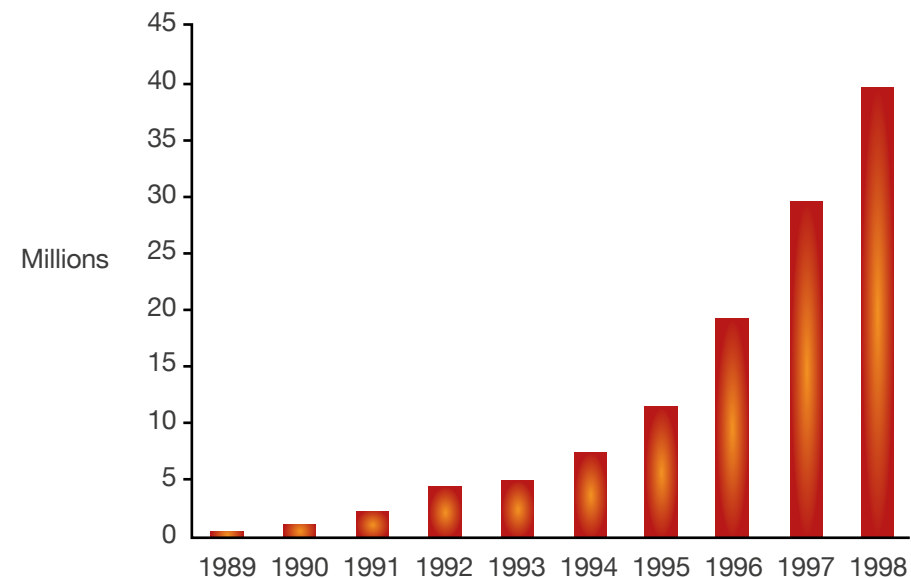


“The real challenge is to hire the right people, learn how to delegate properly, and continually invest in them.”

If we're going to be successful we need to hire and keep great people.

This is the growth in turnover of my first company that was achieved by more than 85 men and women I had hired and empowered to do a job for me.

I was the facilitator and provided direction but they delivered the results.



In fact, from late 1996 onwards it really didn't matter whether I went to work or not. The team kept the factory going and, if anything, accelerated our growth.

To achieve this you need to hire slowly and release quickly; invest in tools and training and finally delegate properly, which we'll look at in the next strategy.

1 Practice 'refrigerator recruitment'

I was always on the lookout for new talent. I'd see potential new recruits once or twice a month for a beer (it's how we rolled in the 90s).

I then kept in touch with those I thought might work out for us.

2 Hire on attitude not experience

You can teach people skills and help them gain experience but you can't do much about their attitude. I like people who share the same values as me: they aren't looking to get something for nothing; are positive in outlook and realistic in action.

If they also have passion and a desire to better themselves then, you probably have somebody who will do great things for you.

I accept we're all different, but if you hire people whose values match yours you can't go too far wrong.

3 Hire on the up-curve

I want people who're keen to progress, improve their lot and develop themselves. These people usually respond well to opportunities, training and empowerment.

4 Onboard properly

Onboarding is how you treat your employees when they first arrive at your company and is important for two important reasons: -

- To make new recruits as productive as possible as soon as possible.
- To confirm you've hired the right person as soon as possible.

You need a 3-month plan that defines the things they need to learn; people they need to meet; things they need to do and targets they need to hit. You also need their buy-in to this plan.

Then you hold regular onboarding meetings to review progress.

This makes people productive in less time, weeds out poor hires and also makes the employee feel there's a plan to it all.

5 Work their strengths and compensate for their weaknesses

We all have things we can do well and things we struggle with.

As the leader, your job is to work your employee's strengths to get the most out of them and compensate for their weaknesses so they aren't a problem.

We know you can teach people new skills and you can certainly expand their experience but some weaknesses can't be changed. So, you're faced with a choice: put up with the under-performance; let them go or move their duties around. If possible, I prefer the latter.

Regular appraisals and the right performance metrics will help you spot their strengths and weaknesses. The rest is up to you.

6 Don't hang on to people who don't fit

In my experience, most people who don't work out are just doing the wrong job for them.

When you can't cure this through training or a reshuffle the best thing for everybody is to let them go.

You know when you need to do this. Everybody does. So, call your HR advisor in and do what they say as soon as you can.

I've always run what I call family companies so letting somebody go is never easy but sometimes you need to do it and when you realise this do it right and do it fast.

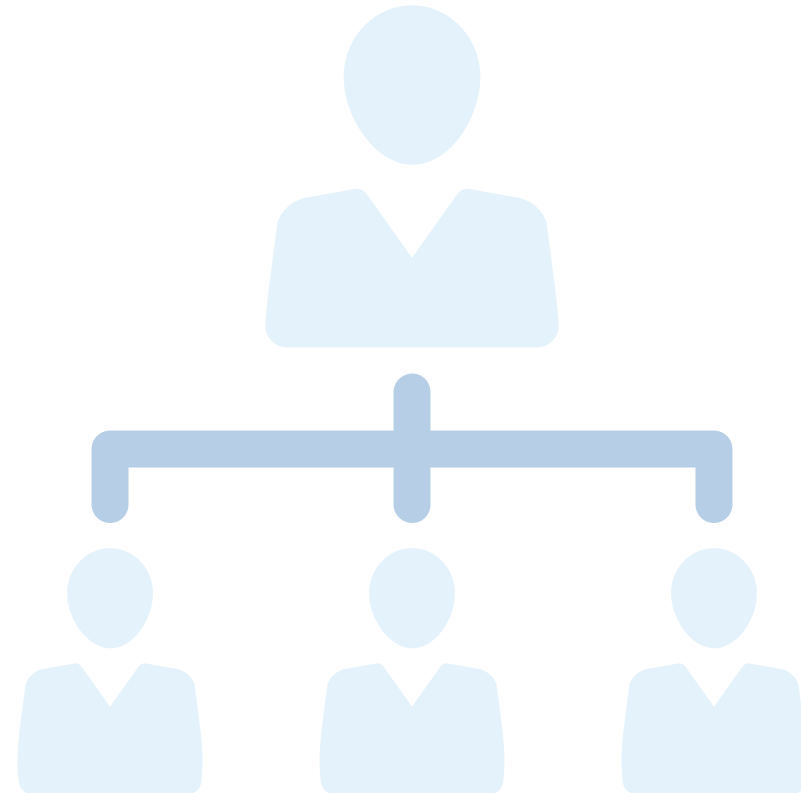
7 Train, train, train.

Some people are keen to learn and improve themselves, I like to learn something new every day. Others need to improve because they aren't performing. In either case creating an environment of continual personal development will deliver a multiple return on your investment.

I believe a learning environment should have five strands to it:

1. **Development Plan:** people have different needs, so everybody should have their own development plan.
2. **Classroom:** A concentrated blast of new learning for an hour, a morning or a whole day delivered on or off site. Note that people can only learn so much from this!
3. **Online:** people can fill ten minutes with a piece of new learning. Absorption in small doses to fit their lifestyle and available time is proven to be highly effective.
4. **On-the-job:** probably the most effective learning method there is, if you have the time and the expertise available to do it.
5. **Mentoring:** a highly cost-effective way to develop people where everybody wins, and yet I'm amazed at how few companies don't have an official mentoring programme.

In the 90s, we had less than a 3% leaver rate and I put a lot of that down to the investment we made into our people. After all they are your most valuable asset.



Strategy 9

Work with partners, not employees



“Partners are more productive and are much less likely to leave.”

Partners in a business are in it for the long-term; often put the company first and regularly go above and beyond the call of duty. Why wouldn't they; after all they own the business.

Imagine if all your staff were like this. They'd be more productive and much less likely to leave. Let's look at seven ways you can achieve this in your business.

1 Empowerment

God made me ambitious and lazy in equal measure. So, I want to build empires but I don't want to do it myself. This is only possible if you empower your staff.

To me, this means delegation of responsibility to deliver an outcome and provision of any support and training needed to make sure the job gets done.



It does not mean giving somebody a task or responsibility and then hovering over their shoulders. This isn't scalable and it demotivates the person you're delegating to.

Empowerment in three rules: -

1. Ensure the person you're delegating to can achieve what you want and decide if they require additional coaching and support.
2. Define what success looks like and the constraints involved, such as a deadline or a budget.
3. Agree when you will meet to review progress and stick to it!

Real empowerment results in higher levels of motivation and job satisfaction. People will astound you with what they can do if you give them the opportunity!

2 Management by exception

I'm not talking about project review meetings, one-off team communication meetings or crisis meetings. They're different.

I'm referring to those scheduled weekly or monthly meetings that can often be samey, demoralising and a waste of time. You can see people thinking, "When will this end? I've got some real work to do!"

An alternative is management by exception. Create dashboards so you can see if everything is on course and if it isn't you may need a meeting to sort it out.

Also, if a person you're managing wants a meeting that's perfectly fine but if they don't and you don't, then don't bother!

3 Keep people informed

Too many organisations are poor at communication. Often this isn't intentional, it's just that they don't realise how important it is to their people to know what's going on.

In my experience, there's very little you shouldn't tell the staff. Openness and transparency are key elements of building trust, which is a crucial part of strong relationships.

So how about this as a communication strategy: -

- **Monthly status updates:** delivered by email in written, video or audio formats. Include anything that's new, exciting or important to them.
- **Group meetings:** every six or 12 months you all get together and do an interactive status update coupled with a 'what we're doing next' section.
- **Social events:** in my opinion, this isn't done enough. When used properly, an informal discussion down the pub (with moderate alcohol involved!) can be hugely effective.

4 Inclusion

This is about letting people have a say in how the business is run and its future direction it's not about ruling by committee. The leader has the vision, develops a plan with his or her management team and is ultimately responsible for delivering it.

That said, I think it's important to ask for people's ideas and opinions which should be properly considered.

This isn't just a PR exercise and you aren't a dictator, so reach out and listen to what people have to say.

5 Make everybody an owner

This strategy is all about launching a government approved share option scheme for your staff because it makes them owners, not just employees.

They work harder, stay longer and are more dedicated, plus they share in the bounty when you sell the business.

However, don't be tempted to give out actual shares. Once you've done this they become possessions of the people who own them and you have no control over them.

When we sold our first business our share option scheme paid out nearly £3m to the staff and I was delighted to write out the cheques. They built that company as much as I did and they deserved their reward.

6 Pay people what they're worth

If you don't pay people what they're worth and they find out, they're more likely to lose motivation and may even leave.

I realise you may not be able to pay as much as you'd like, but there's a difference between paying what you can and knowingly under-paying people.

If you invest in people, they are less prone to leave just for a better pay-check. But there are other ways of rewarding people, if you're strapped for cash.

I remember telling my senior team in the 90s that they could work what hours they wanted and take whatever holidays they needed. All they needed to do was deliver their targets and they could manage their own time. It proved to be very popular.

7 Encourage people to take risks

People like their comfort zone; it's safe there, but that's not where the exceptional work is done.

Great things happen when you coax your people out of their comfort zone and into new territory. I've said this to countless people who've worked for me: -

- "How hard can it be?"
- "What's the worst that can happen?"
- "There's nothing you can break that I can't fix – just don't make the same mistake twice"

Try it and see what happens.



Strategy 10

Have 25% more
of everything than
you need



“If you're constantly running your business close to its capacity, you end up with uneven growth, a reduction in service levels and stressed out staff prone to flight or sickness.”

This strategy is the one that most people won't adopt and yet it always has a profound effect on revenue growth.

Running companies hot where costs are minimised and profits maximised is attractive but harmful. It causes three problems: -

- Additional growth will put your organisation under strain, resulting in a reduction in quality and service levels.
- Staff become stressed out which is neither fair or economically sound. People become less productive; more prone to sickness and are more likely to leave.
- You find it hard to deal with crises and opportunities. Everybody is too maxed out to respond properly.

Running hot results in jerky growth. Plus, when you do come to upscale the extra strain will cause you to lose momentum and your growth to stall. Pure madness!

Of course, we've all seen companies over-invest for growth that never came but, if you have an effective Revenue Factory the revenues will keep coming.

Three areas you need over-capacity are: -

- **People:** at all levels in your organisation and the biggest threat to growth.
- **Money:** cash is king and you need to make sure you have enough to fuel the growth.
- **Resources:** office space; computing power; capacity to produce what you sell and tools to do the job.

The only time I would break this rule would be on the lead up to a sale. Then it's a sensible idea to run hot and max-out your profits.



Pressing the overdrive button



“Where can I learn how to implement the Flair Business Growth Formula myself?”

This eBook should have provided you with a clear overview of the 10 strategies that make up the Business Growth Formula and demonstrate how successful they can be when fully implemented.

Well, here's how you can go to the next level:-

1. Download the free extended version of this eBook which explains how to implement each strategy in detail: [click here](#)
2. Join one of our free webinars: [click here](#)
3. Attend one of our one-day seminars: seminar@flair.co.uk

As Tony Robbins said, “If you do what you've always done, you'll get what you've always got”.

The question is: do you want something different now?

Summary



Scalable businesses that deliver strong growth year on year do not happen by accident. Sitting behind them is a system that works, just like the Flair Business Growth Formula.

Not only did this work in spectacular style for me on two occasions but it's also boosted the revenues of my clients who fully embraced it.

There's one question that I get asked all the time "I want to do it all but what should I do first?" Well, this is my answer: -

1. Without a well-thought-out vision and a plan to get there, you'll lack direction and progress will be slow so I'd do this first.
2. If you have an efficient Revenue Factory in place, you can have confidence in your future growth and that changes everything.
3. Implement a Voice of the Client programme. The feedback you'll receive from this can be used in several ways to improve your business and your proposition.
4. Make sure all your propositions pass the 'so what' test because it's the key to sustained growth

Perhaps I'll see some of you at our Growth Seminars but, either way, I hope you all enjoy my growth formula and that it works as well for you as it has for me and my clients.

About the author






After building the Software Knowledge Group into a £40m turnover business and selling it to Modis, a NYSE listed company in 1998, Mike worked his earn-out period and left.

Following a year getting under his wife's feet, he was invited to become a director and major shareholder of Crimson Ltd. After helping to set up and establish the business, he left Crimson to concentrate on the Flair Business Growth Consultancy. This enabled him to pursue his passion for helping companies make their businesses scalable.

Mike, along with the other shareholders sold Crimson to the Harvey Nash Group in 2017. At the point it was sold, the company had annual revenues of £24m and was a registered Microsoft Gold Partner, IT services provider and IT recruitment company.

Mike is married with three children and lives just outside Birmingham and on the Welsh coast. He has a passion for art, dining out, Pekinese dogs and travel. He's also a supporter of Wolverhampton Wanderers football club, which he sees as his duty.

Connect with Mike

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