



SUCCESSFULLY SCALING YOUR BUSINESS OPERATIONS

Is your business ready to scale up?

Growing your business is exciting—but growing without a strategy can be perilous. Focusing on the wrong things or not laying the groundwork can make your operations fall apart. By understanding and applying some key principles, your business operations can facilitate your growth instead



of hindering it.

In this edition of Executive Issues & Insights, we explore key insights drawn from the extensive C-suite and Board

experiences of the NextLevel team on how to successfully scale your business operations to support your company's growth.

NEXTLEVEL CASE STUDY

From \$6 million to \$40 million in sales

A global manufacturing company acquired a binational service bureau as a new division that supplied products to contract manufacturers. The division had \$6 million in annual sales, but was losing \$0.5 million per year. Manufacturing operations were poorly managed, the division could not produce the range of products required by the industry, and a single customer dominated the business. During a ramp-up for the major customer, the overseas operations fell apart.

The company brought in a new Division Vice President/General Manager, now a NextLevel partner, to stabilize the division and grow it to profitability. The NextLevel partner first built up processes and quality procedures in each location to stabilize operations. He also identified inflection points that could drive growth within the company's existing customer base.

The division added a second shift,

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NEXTLEVEL INSIGHTS

Scale within a strategic context

Evaluate initiatives to scale your business against your strategic plan and objectives. First, formulate a clear, concise statement of the scaling you are contemplating, and then ask how it fits into the strategic vision and direction of the company. If it doesn't fit, either postpone scaling or revise your strategy.

Understand what core and noncore activities are

Any scaling initiative should focus on just two or three core activities. But sometimes it's not entirely obvious which activities are core. Is manufacturing core? Are design, development, and distribution core? Take the time to define these. Noncore activities could be leveraged through partnerships or contracts, letting you focus resources on your true core activities.

Ensure processes are efficient and products are stable

Your processes and QA systems must be stable to be scalable. Consider the resources it would take to train new people if you scaled up quickly. Could you double your staff and have them be productive right away? Is your product "rock solid" and your QA system thoroughly established? If the answer to either is no, scaling will eat up your budget in training and support costs.

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until they had leveraged their resources completely. Then they were able to buy and quickly pay for more equipment and operators to start the process over again.

The NextLevel partner also helped identify the type of new customers the division wanted. By bringing in targeted new customers slowly and nurturing them with quality products and customer service, the division was able to add more profitable product lines.

Sales increased from \$6 million to \$40 million in four years, and the division was the highest growth division in one of the NYSE Top 50 Growth Companies four years running. Profits rose from negative \$0.5 million per year to \$6.4 million per year, and return on assets (ROA) rose from the negatives to 30 percent.

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Identify your inflection points

Inflection points are turning points in your business that, if successfully capitalized on and well executed, can significantly drive growth. Would a new product line increase sales by a significant amount? Would global distribution? Focusing your investment on these inflection points can dramatically transform your business.

Leverage your business

Leveraging is stretching the limits of your capacity first and then adding resources as your business grows. Consider how you can leverage existing resources to support the growth enabled by focusing on your inflection points. Can you add another shift? Or outsource manufacturing to focus on product design and distribution? This is much less risky than investing in infrastructure up front.

Determine your measures of success

You've identified your core activities and inflection points and are ready to leverage your business for growth. Next, determine what you'll measure to know whether you're successful or not. When something isn't working well, move quickly to change it or redirect your efforts. Success while scaling is a moving target; your key factors will change as you evolve from a small to mid-size to large business.

**“WHEN SCALING, DON'T GET CAUGHT
BY UNINTENDED CONSEQUENCES.”**

KEYS TO SUCCESSFULLY SCALING YOUR BUSINESS OPERATIONS

- **Your strategic plan:** Does your scaling initiative fit within your vision and direction?
- **Your business activities:** Do you know which are core and which are noncore?
- **Your processes and products:** Are they efficient and stable enough to support growth?
- **Your inflection points:** Can you identify which ones would significantly drive growth?
- **Your capacity:** Can you stretch it to leverage growth before investing in infrastructure?
- **Your measures of success:** How will you determine whether you're scaling successfully?

Think through all the implications of your scaling initiative before starting out. With thorough planning and forethought, you can predict and circumvent many major obstacles.

More Information

To learn more about how NextLevel can help you successfully scale your business operations, call us at (800) 833-NEXT or email info@nlbev.com.