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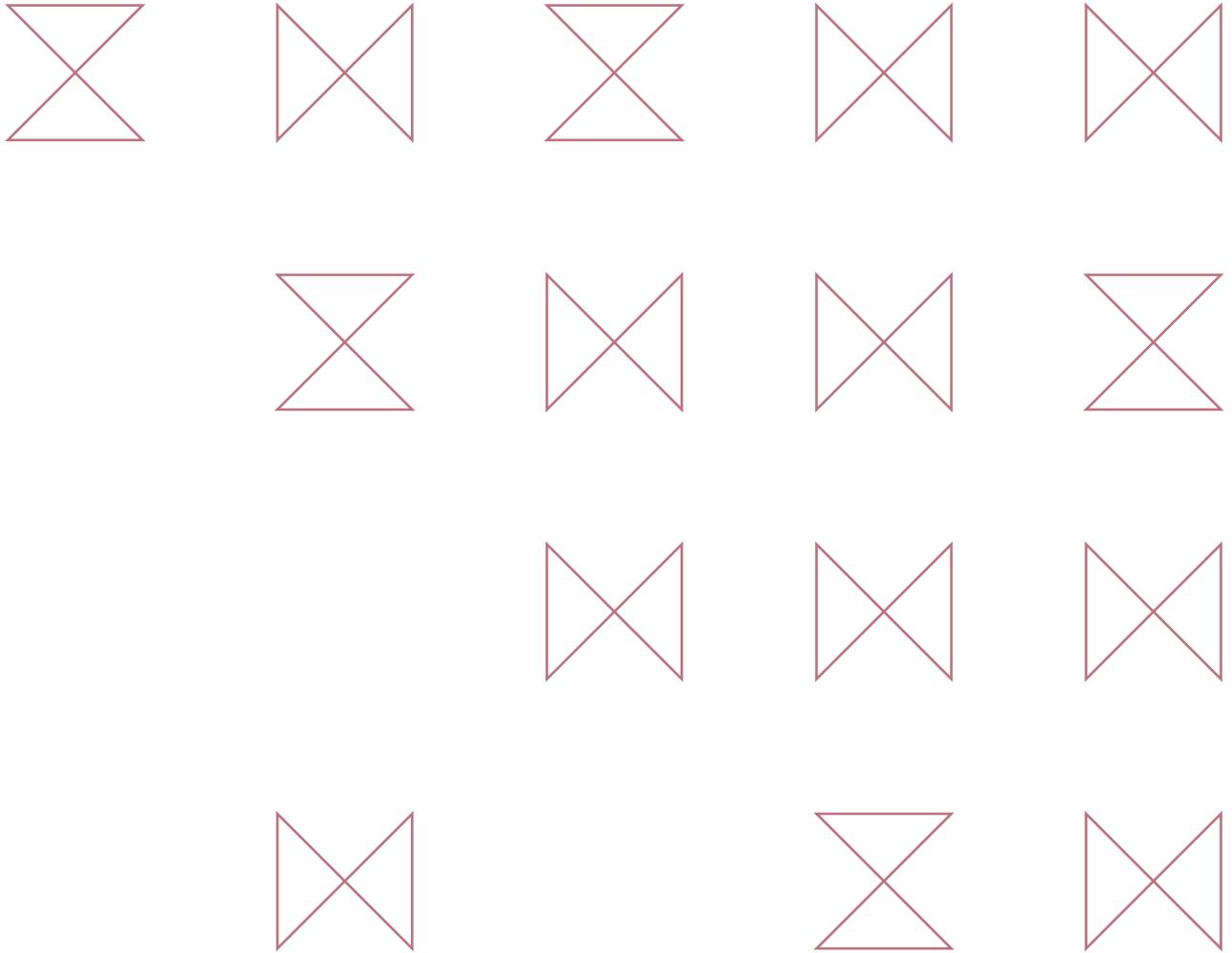
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1. How do I know when to expand my business?

The Basics

The decision for when to expand your business is a difficult one and there is no exact method for knowing this. Generally, you will make this decision when it is clear to you that...

1. there is strong customer demand for your product or service and
2. your current business is having trouble keeping up with your customers' willingness to buy your product or service

When your business grows, you may find that it takes longer and longer to produce and deliver your product or service, and along with this, longer time for your customer to receive your product or service. You may find that your customers become impatient or in some cases may stop buying your product or service because of the longer length of time for you to meet their delivery expectations. This can be an indication that it is time to expand. If you are at this stage, your business should now be generating a consistent source of income and regularly taking on new customers. Cash flow should start to improve as recurring revenues help to cover on-going expenses, and you should be looking forward to seeing your profits improve slowly and steadily.

In the early stages of your business, there was a need for money in advance because there was not as much money coming into the business as was going out of the business. Similarly, you will need to find money ahead of time to afford the expenses you'll have when you expand your business. Eventually your business' growth will create the additional revenue to support your expanded operation. So one of the key indicators that will tell you if it is time to expand will be your research and calculations that project whether or not your business is performing well enough to financially afford the costs and expenses of expansion.

Tell Me More

During the expansion phase, the biggest challenge for entrepreneurs is dividing time between a whole new range of demands requiring your attention, such as managing increasing levels of revenue, attending to customers, dealing with the competition, accommodating an expanding workforce, and more. You'll need help to manage all these activities. Hiring smart people with complementary skillsets will be necessary to make the most of your company's potential during this phase. You will want to spend a lot of time directly involved in the recruitment process to make sure you are hiring the right people to help you.

It is essential that you start to come into your role as head of the company in this stage. While you will still be on the front lines often enough, you need to be aware of how your expanding and highly qualified team is going to be taking over a great deal of the responsibilities that were previously tightly under your control. It is your job now to start establishing real order as you mobilize the teams according to clearly defined and communicated goals.

There is a risk of expanding too carelessly. While there is no way to see the future and it is very hard to get an idea of what the results will be, you can give yourself the best possible chance of continued success through careful planning. Look at your resources, be realistic about the effort and cost and potential of growing your business, and always pay attention to how expansion might impact the current quality of service you provide to your existing customers.

Remember, while having a successful business is an advantage, it is not a guarantee that it will work elsewhere, or that new offerings will result in the same success. Be careful that you do not take on too much; your

task is to do your best to understand the risk of expansion, do careful planning and put your leadership skills to work to manage the growth of your business.

Positive cash flow and a replicable model are crucial to your business' expansion. You need operational funding in order to grow beyond your current footprint. Before you start spending that cash, you should have a solid plan of how it will be spent. Putting money into something that is not quite fruitful yet may cripple what you have already.

Here are some key things to keep in mind:

Be ready for more work

You will spend a lot of time expanding to new locations, but you cannot forget about the original business responsible for your current success. As head of the company, it is your job to execute the expansion process while maintaining the current functions of your business.

Have talented employees who share your view of expansion

To get to the point where you are thinking about expansion, it is likely that you are already recruiting and hiring the right people. However, if you have people who are too satisfied and invested in things always being the same, then it might be time to reevaluate their roles in your company, especially if you are thinking about using them to assist in your business expanding. At some point, you will want to find people who are comfortable with change and who show ambition.

Glossary Terms from this Section

Cash Flow - The total amount of money coming in and out of a business.

Entrepreneur – A person who organizes and operates a business or businesses, taking on risks in order to do so.

Expenses - Money paid out of the business to pay for an item or service.

Income - All the money that comes into your business from sales, service or loans.

Profit - Any positive amount of money left over after subtracting expenses from revenue (income).

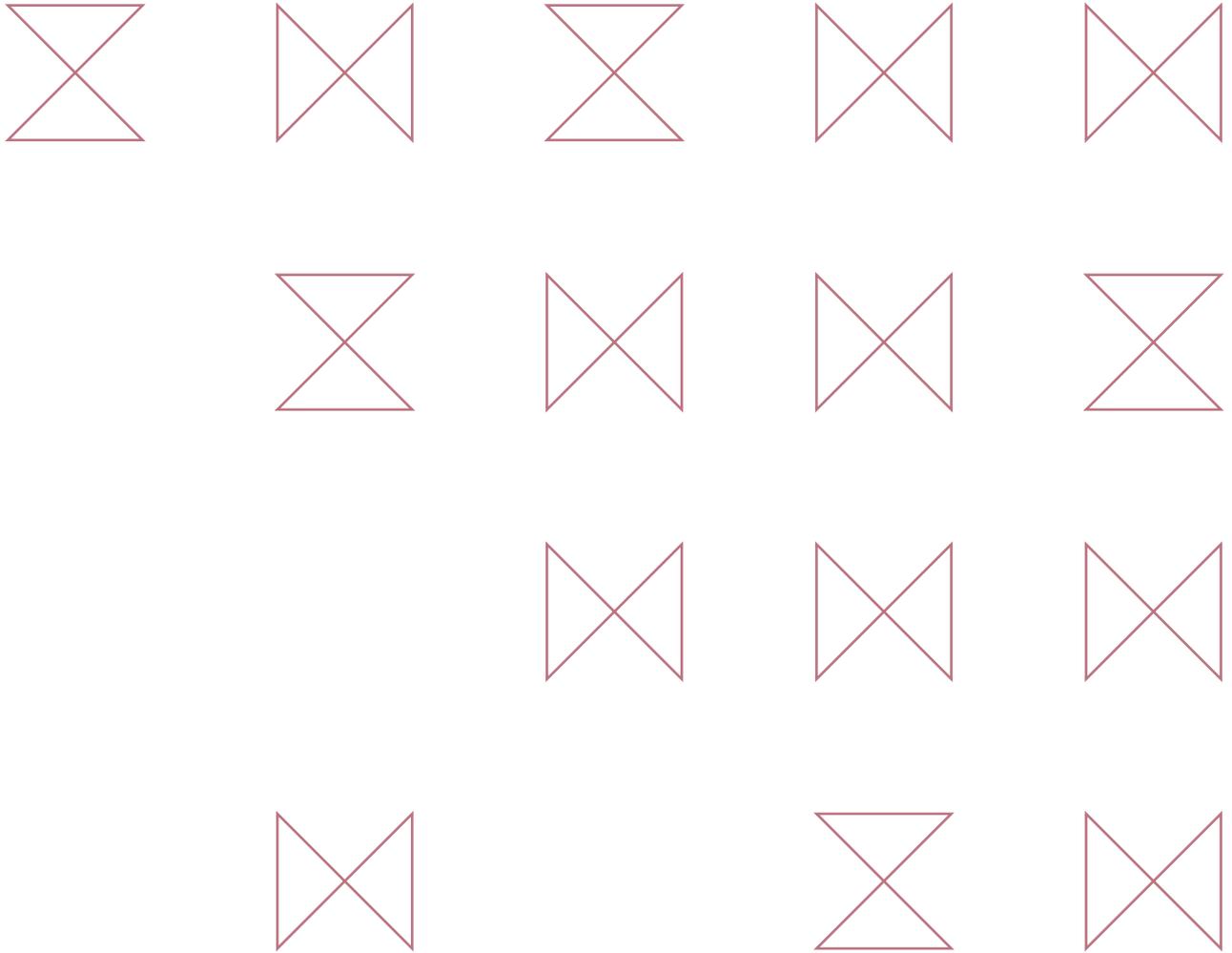
Revenue - Money coming into the business usually from the sale of goods or services.

For More Information Related to this Topic See:

- What are the challenges to expanding my business? 14. *Growth and Expansion*
- Do I need additional business permits or registration for my business expansion? 14. *Growth and Expansion*
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- What are the different ways I can expand my business? 14. *Growth and Expansion*
- What is a budget and how do I use one? 10. *Budgeting*

Additional Tools Available

Growth Action Plan



2.
**What are the challenges to
expanding my business?**

The Basics

You may encounter challenges in expanding your business such as:

Financial Challenges

When you expand your business, you may encounter financial challenges such as: the need to purchase things like additional inventory or raw materials, hiring additional employees, renting or leasing another location (along with the costs to furnish or equip the location), and updating your marketing materials to reflect the expansion.

Human Resources Challenges

Expansion of your business will usually require hiring additional employees to staff or support the expansion. You may need to recruit and train employees that come from different backgrounds and have different experiences than your original employees. When your business expansion calls for a different location, you will find that you cannot be in two places at once. This will present a challenge to supervise and manage all employees. If your business expansion is from adding new products or services that are different from what you currently offer, you may find it challenging to find new employees who are qualified to produce the new products or services.

Marketing Challenges

When you started your business, you had to find a way to let potential customers know about your business and what products or services you offered. You'll face a similar challenge when you are expanding your business. However the difference is that when you are expanding your business, it is likely that people have more awareness of who you are than when you were just starting out. Your marketing efforts now are more likely to get more notice. But you still need to build on that awareness to let customers and potential customers know about your expansion. When Nargis first started her office furniture manufacturing business, she had to work hard to introduce herself to the market as no one knew who she was. Five years later, Nargis decided to expand to offering carpets and window coverings for offices. People knew about her furniture, but she had to educate them on her ability to provide the new product lines. If you are expanding your business geographically, you may need a bit more marketing because your potential customers in the new location may not be as aware of your company as customers in your existing location.

Production and Operations Challenges

When you expand your business, you may have to learn how to produce or deliver new or different products and services. At first, these new methods may take more time, more effort and be more expensive. You will need to plan carefully and budget well for any financial challenges you face when you change your production or delivery methods.

Tell Me More

As the products or services you offer age, usually their sales growth and profit margins shrink. You will need to think about how to either modify your current products or services or think about investing in innovation to build a stream of new, profitable products to bring to the market.

Be sure to ask yourself if you may be too optimistic and whether new ideas for growth fit with your strengths and your overall vision of your business. Bear in mind that every new development brings with it new risks. It is worth regularly reviewing the risks you face and developing a few different plans for expansion and growth.

Increased competition is one risk you may face. The more you succeed, the more competitors will notice and react to what you are doing. You may be a market leader one day and then fall behind one of your competitors a few months later. Do not forget that unless you have a compelling product or service to offer along with great customer service, your “loyal” customers may take their business to other suppliers.

As well, there are risks to relying solely on your existing customers. Expanding your customer base to acquire new customers and new kinds of customers helps address those risks.

When you expand, be ready for more work! While you will likely spend a lot of time expanding your business, you cannot forget about your current business operations; it is your job to execute the expansion process while managing and leading the existing business. Balancing the needs of your current operations with the new work that comes with expansion will likely mean that you will need more help. It will be extremely important to recruit and hire people who are comfortable with change and who show ambition.

Glossary Terms from this Section

Budget - An estimate of income and expenses for a set period of time.

Inventory - Items being held in storage by the business which can include raw materials as well as finished products.

Marketing - The process of reaching your customers and showing them why they should buy your product or service.

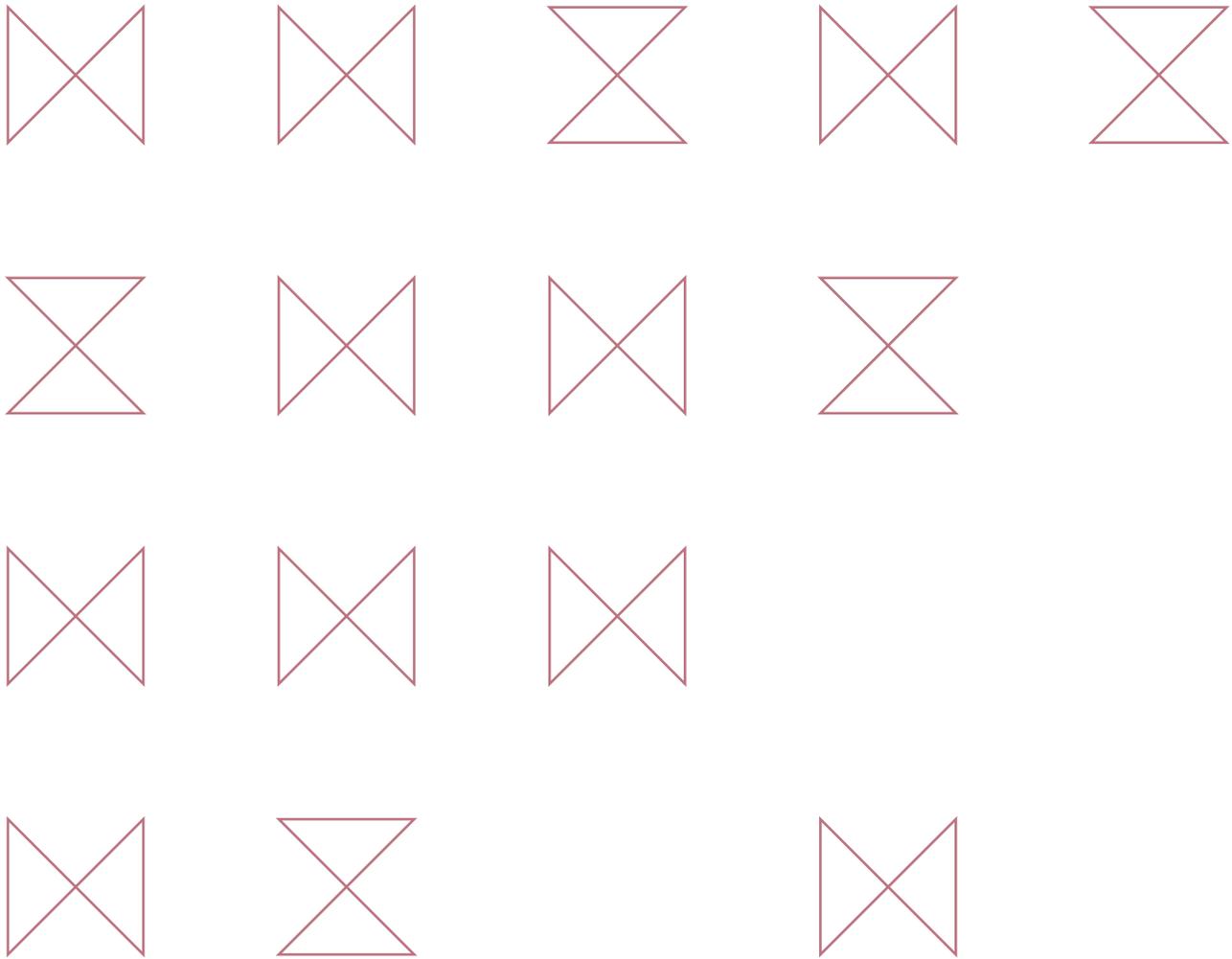
Profit Margins - The amount you make after you take your total amount of money in sales and subtract your total costs.

Raw Materials - The basic material from which a product is made.

Suppliers - A person or organization that provides something needed such as a product or service.

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- How do I gain money and resources needed to expand my business? 14. *Growth and Expansion*
- What are the human resources challenges when growing my business? 14. *Growth and Expansion*
- How do I maintain quality and consistency as my business grows and expands? 14. *Growth and Expansion*
- How do I keep ahead of my competition? 14. *Growth and Expansion*



3. Do I need additional business permits or registration for my business expansion?

The Basics

When you expand your business, it is important for you to ensure you comply with government requirements for the new sector you will be expanding to. Expanding a business could be in the same industry and not necessarily require additional business permits or registration. For example, assume you have a dairy processing facility where you collect milk from local farmers and produce packaged dairy. If you wish to expand your business and build a farm to secure the supply of milk to your dairy factory, you will likely not need an additional permit. However, if you have good linkages with the farmers in your community and see the opportunity to collect dried fruits from your neighborhood for export purposes to other countries, you will definitely need a trade license.

When you think of expanding your business, ask yourself whether you are expanding in the same industry or a new one. Also consider the similarity of the industries and how soon you may need to have a permit. In certain cases, businesses plan their expansion into a similar industry and do not opt for new permits immediately. They research the market and as they get near to launching their expansion, they then get any new permits that are needed.

Tell Me More

If you acquired the necessary registrations or licenses to operate when you started your business and now you are simply growing your business by increasing the production of the same products or services, then you may not need any additional licenses or permits. A common approach to expansion is for companies to operate in different locations across the country. When you establish a branch or sub-office of your company in a different province, you do not need additional business registration or permit. Think of the different banks in Afghanistan. They have one license under which they establish dozens of branches across the country.

If you are changing the kinds of products or services you offer, then those new products and services may require a different permit or license. For example, suppose you run an IT services company where you offer networking and web development services to your customers. You are a lawyer by education and plan to have a legal firm as well. You want to expand your business and use your existing facilities and office space to provide legal advice to customers in the business community. Because IT and legal services are very distinct, you will need a separate license for the legal services. The regulatory system in Afghanistan allows you to use the same brand name for both of your services under a group of companies. If you have “Morvarid IT Services”, then you can register your legal firm as “Morvarid Legal Services”. That way you can keep your brand name, Morvarid, to your group of companies. The central business registry office will protect Morvarid and you will own that name unless you desolve your company.

When you expand your business, consider the following key points as you plan the process:

Do your research

Before you expand your business, make sure to research the new industry you will be entering. The requirements of the government vary depending on which industry you operate in. Some industries, such as postal services, have strict requirements and very high upfront license fees. Others such as consulting services or handicrafts have much easier requirements and lower license fees. The purpose of doing research is to make sure you understand the rules and requirements of each industry. The best way to collect reliable information is to visit Afghanistan Central Business Registry (ACBR) office and ask for information.

Ask for advice

The legal requirements for getting permits and registrations can be complicated to understand at times. This is especially true for specialized sectors such as telecommunications, postal services, and transport. The best and least costly way is for you to connect with business people and experts in your target sector and ask for advice. For example, if you have a friend that runs a hospital, she's likely to also have information about pharmaceutical industry and licensing requirements for opening a pharmacy store. You may also connect with pharmacy owners in a different location than yours and ask what the requirements are. You will likely get very practical and useful information from people who operate in the industry and have already gone through the registration process.

Health and pharmaceutical industries require separate licensing arrangements and even if a hospital has a health services license, it will need an additional permit for opening a pharmacy store.

Plan taking permits

When you plan your expansion, ensure to have an activity planned for taking any permits or doing any required registrations. Often businesses complete the registration of an expansion before any progress on implementation of the expansion itself. You may do your research and find out the requirements for any required registrations, but you may do the actual registrations when you are ready to launch your expanded business. Remember that getting a new permit or business license means you will be subject to tax payments and reporting to the government. Unless you are confident of your expansion and its major operational, financial, and human resources are complete, you do not need to take a permit or register the expansion. However, be cautious of your brand and intellectual property. One benefit of registering early is that it protects your trademark and brand identity. You will need to set a timeline taking any permits for your expanded business.

If your business expansion will find your employees providing personal or specialized services there will likely be the need for occupational or professional services permits and licenses for services. Examples of these include medical care, banking, pharmaceutical services, etc.

Glossary Terms from this Section

Licenses - Permits issued by a government agency that let companies conduct business within a geographical location.

Registrations - Certificate approving your business by the government.

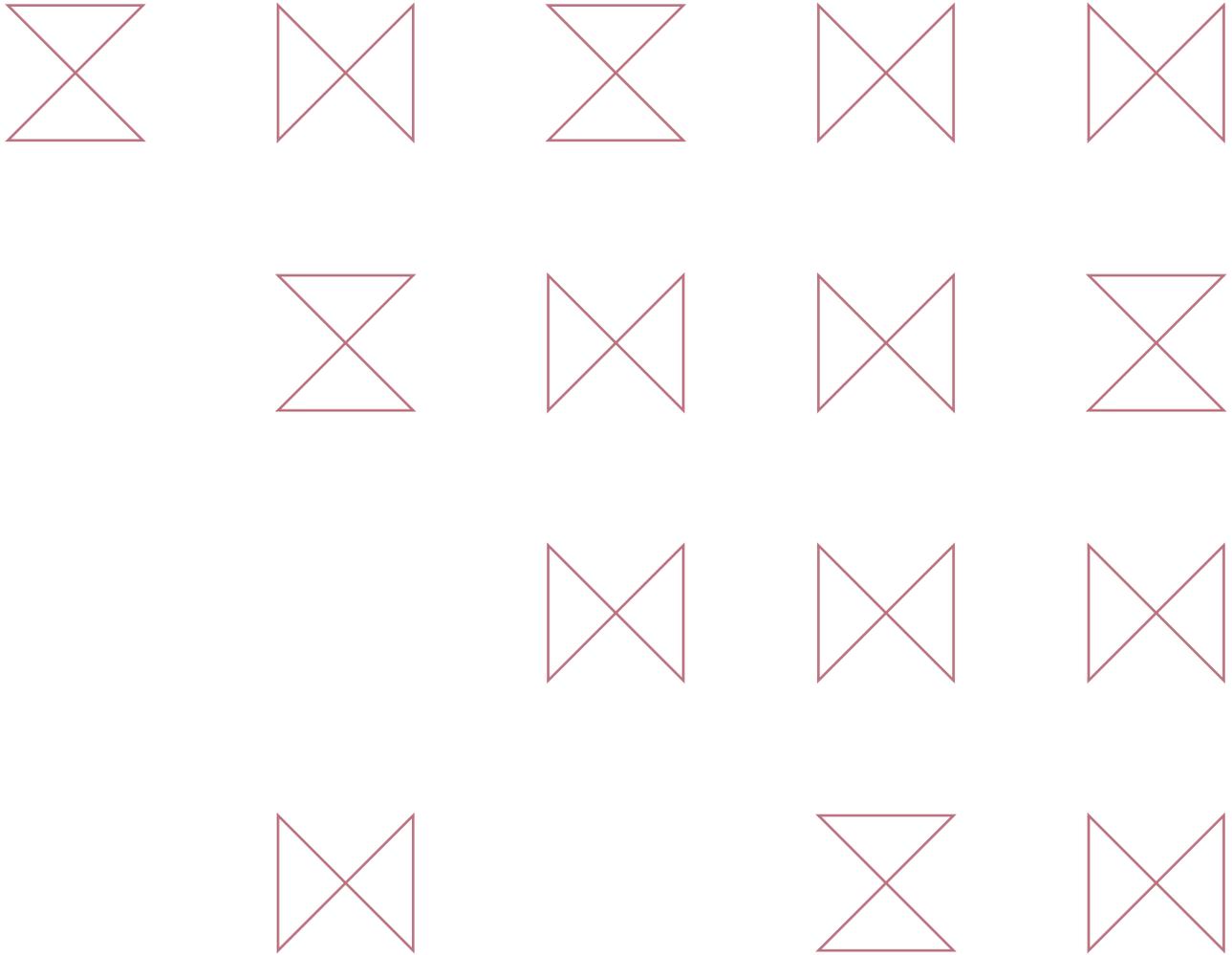
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- How do I know when to expand my business? 14. *Growth and Expansion*
- What are the challenges to expanding my business? 14. *Growth and Expansion*
- What are the steps to work with other companies locally and internationally to expand my business? 14. *Growth and Expansion*

Additional Tools Available

Growth Action Plan

Business Registration Checklist



4.
What are the steps to work with other companies locally and internationally to expand my business?

The Basics

When you expand your business by working with other companies locally, you want to research the financial health of the new potential partner company and, if possible, spend time with the people inside that company who will be involved in working with your organization. It is important to know that the other company does not have problems that would limit them from performing up to your expectations.

When you find a company that you would like to work with, it is important to know if they share similar values and ways of doing business. The best way to do this is to spend time with the top leaders of the other business and to get to know the people inside the other business that will have the most contact with your business. Getting a “feel” for the other company will help you make a better decision about connecting with them to expand your business.

When expanding your business internationally, you will want to do the same kind of homework as you did for expanding with a local company but you will also want to know how well they are performing internationally. To identify companies to work with internationally, seek out organizations, agencies, and events that are involved in developing export markets for your country’s businesses. Often they can help you identify companies that may be a good fit for your international expansion and in some cases, may provide administrative support and other connections such as global logistics, finance and distribution partners. A good starting point is to connect with Afghan embassies around the world and ask for information from Trade Attachés. The Trade Attachés are responsible for promoting trade and help build business connections. A foreign embassy in Afghanistan, such as the US Embassy, British Embassy, Indian Embassy, etc. may also have programs that help you identify and attend international trade expositions. The Afghanistan Chamber of Commerce and Industry (ACCI) may also be able to help you find buyers in international markets through their connection with business associations of other countries. You should always look for and stay in touch with organizations that offer these services.

Tell Me More

There is a high risk involved in international expansion unless you do a lot of research and think things through very thoroughly.

Choosing a country or region for export needs to be based on your knowledge of the culture, values, business systems, population profiles, incomes and customary business practices.

You may make your first step to exporting by thinking about people you may already know in other countries and rely upon your personal relationships for assistance. Relying on people you already know and trust may reduce some of the risk involved in exporting.

In most cases, it is essential that you first establish a solid operation in Afghanistan before attempting to export internationally. Successfully selling overseas requires building on what you have already accomplished in your home country rather than attempting to create something entirely new without any regard for what you have been doing in at home. Before taking any concrete actions toward international export, you must first make sure that a market exists for your product/service.

Research your competition: learn as much as you can about companies similar to yours that are currently operating in the foreign markets that you intend to serve.

If possible, it may be a good idea to travel to the country or countries you want to export to so that you get a

first-hand idea of how your products will fit in. This will give you the opportunity to not only conduct research and test your product in the foreign marketplace, but also to experience the culture and social norms of the people you will be marketing to.

Differing cultural norms is another thing to consider; you should spend some time researching cultural practices in the countries you plan to export into. Foreign customers' and business partners' needs are probably different than those you serve in your home market.

One word of caution, international export does not make sense for every kind of business or every type of product. If you do want to explore exporting, do a lot of research on the market needs of the export country and work out realistic budgets and sales projections. Expanding into exporting if your business is not ready could hurt your overall business or even force you to close.

When working with local companies to expand your business, you need to think about a number of important steps:

- Evaluate the company's previous partners and see whether the partnerships worked well or not. This gives you information about credibility of the potential company you wish to work with.
- Compare your company's values and culture with those of the local company. For example, if the other company pays bribes to get its work done, you may decide not to partner with them because their reputation affects that of yours. You need to ensure your company's values and culture are not jeopardized by those of other companies.
- Assess their financial health. You should be cautious of partnering with companies that do not have strong financial capabilities, as their financial standing can affect that of your company's.
- Analyze how well partnering with a local company helps your business grow. Do proper due diligence of what the company presents you and ensure you keep your business decision separate from your personal or family connections. Working with a local company should make good business sense.

Whether you expand through working with a local or international company, you need to take your time and analyze business prospects of working with another company and its impact the growth of your business. Consult with a trusted friend or business partner before making a final decision.

Glossary Terms from this Section

Risk - Taking a chance when you do not know how things will turn out.

Values - A person's principles or standards of behavior; an individual's judgment of what is important in life.

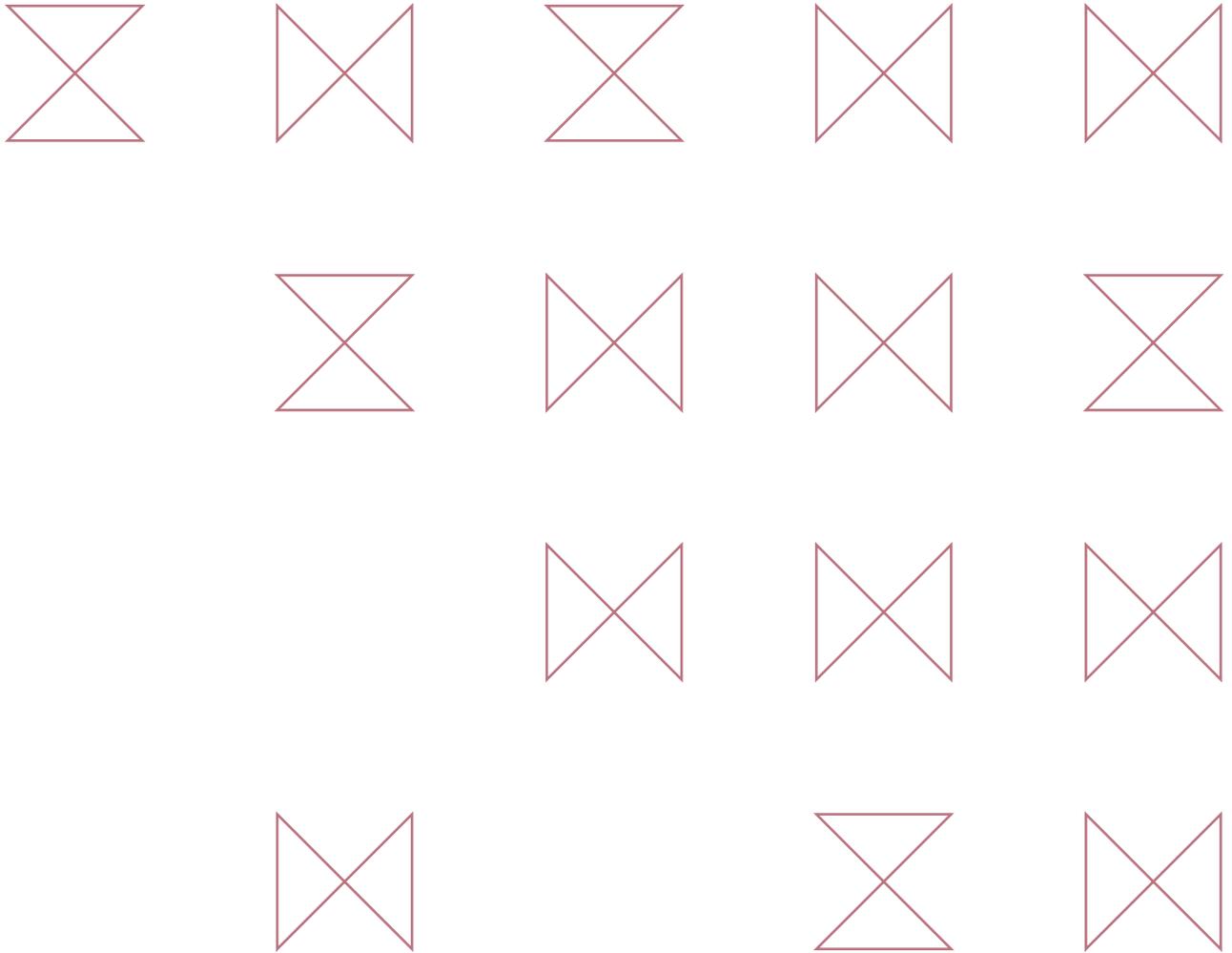
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- What are the challenges to expanding my business? 14. *Growth and Expansion*
- Do I need additional business permits or registration for my business expansion? 14. *Growth and Expansion*
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- How do I find out if ideas for new products or services will be successful? 14. *Growth and Expansion*

Additional Tools Available

Roadmap for International Growth and Expansion

Contract Template



**5.
How do I gain money
and resources needed to
expand my business?**

The Basics

Though you may have found it challenging to find money and resources when you started your business, you will likely find it less challenging when it comes to expansion of your business. The reason for this is when you are expanding your business, you will have something to show a potential investor or bank how your business has been running. It is more likely that by the time you are interested in expanding your business, a prospective investor or bank may have already heard of your business or may know about it.

Not only may you find investors or banks more interested in helping you expand your business, you may also find some donor programs that can be of assistance; especially when your expansion can show the creation of new jobs and employment. The government may also support your business by providing land in commercial areas such as industrial parks or through partial investment in your expansion through recently developed arrangements such as Public Private Partnerships, which are more suitable to larger businesses but medium-sized businesses can also benefit.

Tell Me More

Your expansion will likely require new resources. You may require new equipment to produce new product lines. You may need additional supplies or raw materials. Additional money may be necessary to pay for recruiting and training new employees or developing new marketing. Expanding to a new location may mean that you need to invest in buying or renting new property.

If you need funding to purchase these new resources and you do not have enough of your own money saved up for your needs, there are two common ways to get money: 1) taking on debt, 2) selling equity in your company. Taking on debt means that you are finding a bank, financial organization, or a person to loan you the money. When you are selling equity in your company, you are actually sell part of the ownership of your company to a partner or an investor in return for funding now. There is more information about debt and equity in the “Access to Capital” part of this guide.

Companies that are starting up may have difficulty in getting a loan from a bank, but bank loans are easier to get when you are expanding a current business. This is because you have experience in running your business, you may own assets that could be used as collateral, and will likely be able to show positive sales and profit results in your financial records. It is less risky for a bank to give a loan to a successfully operating business than to a new start up.

Banks are often more likely to make a loan for specific assets, like machinery, equipment or real estate, than they would be to give funding for expenses like marketing or training. This is because they can take back a physical asset if you fail to pay the loan back.

There are other ways to acquire the resources you need if you cannot get funding or choose not to take on debt or sell equity. For instance, if you require new equipment for your expansion, you may rent it for a specific period in return for a period payment. In more developed economies equipment leasing is a way to get things you need to expand your business without having to invest large amounts of capital. In Afghanistan however, leasing is almost entirely confined to construction and agricultural-related equipment and vehicles. With equipment leasing, you will pay a small amount of money to acquire the equipment, and then monthly payments while you are using the equipment in the expansion of your business. You will have the use of the equipment right away and you will be making the lease payments with the additional revenue you

will generate as your business is growing. In addition, remember that you may not have to buy new equipment. You may be able to find older equipment that still works, but is much less expensive than brand new equipment.

If you are expanding into new product lines, you may require additional or different kinds of supplies or raw materials. Sometimes your existing vendors may provide you with supplies, raw materials or products you buy from them with special terms and prices to help you expand your business. Your vendors have a stake in expanding your business so they are likely to be very cooperative and give you special treatment because your success in expansion is also good for them. It never hurts to ask your vendors if they can work with you on special pricing or payment terms!

If you are expanding into additional locations, you may find property owners and landlords who are willing to give you low rent payments at the beginning of your lease. You may ask why a property owner would do this? If the owner has a property that has sat vacant for a while or if they are having trouble finding someone to rent it, they may see the long term potential in having you as a renter. Even if they are not charging as much in the beginning, they may consider that you already are running a successful business and are likely to be a long term renter. Plus, it may be better for them to get a little rent versus nothing at all if the property has been hard to fill. But on the other side, if the property is in an area of great demand, it will be unlikely that the owner is willing to make this kind of a deal. And remember, it never hurts to ask what deals people are willing to make!

Glossary Terms from this Section

Capital - The money needed to start and operate a business.

Investors - A person or organization that provides money or resources to another person or business with the goal of participating in the success of the person or organization where they are an investor.

Raw Materials - The basic material from which a product is made.

Revenue - Money coming into the business usually from the sale of goods or services.

Vendors - People or organizations that provide products or services used to operate a business.

Investors - An individual or group who gives money with the expectation of financial return.

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- How do I plan for equipment and material needs as my business grows? 14. *Growth and Expansion*
- What are the different ways I can expand my business? 14. *Growth and Expansion*
- How do I gain encouragement, support and agreement from my family to start/run my business?
 1. *Startup and Planning*
- Should I have investors and what role do they have in my business? 3. *Access to Finance*
- Where do I get capital? 14. *Access to Finance*

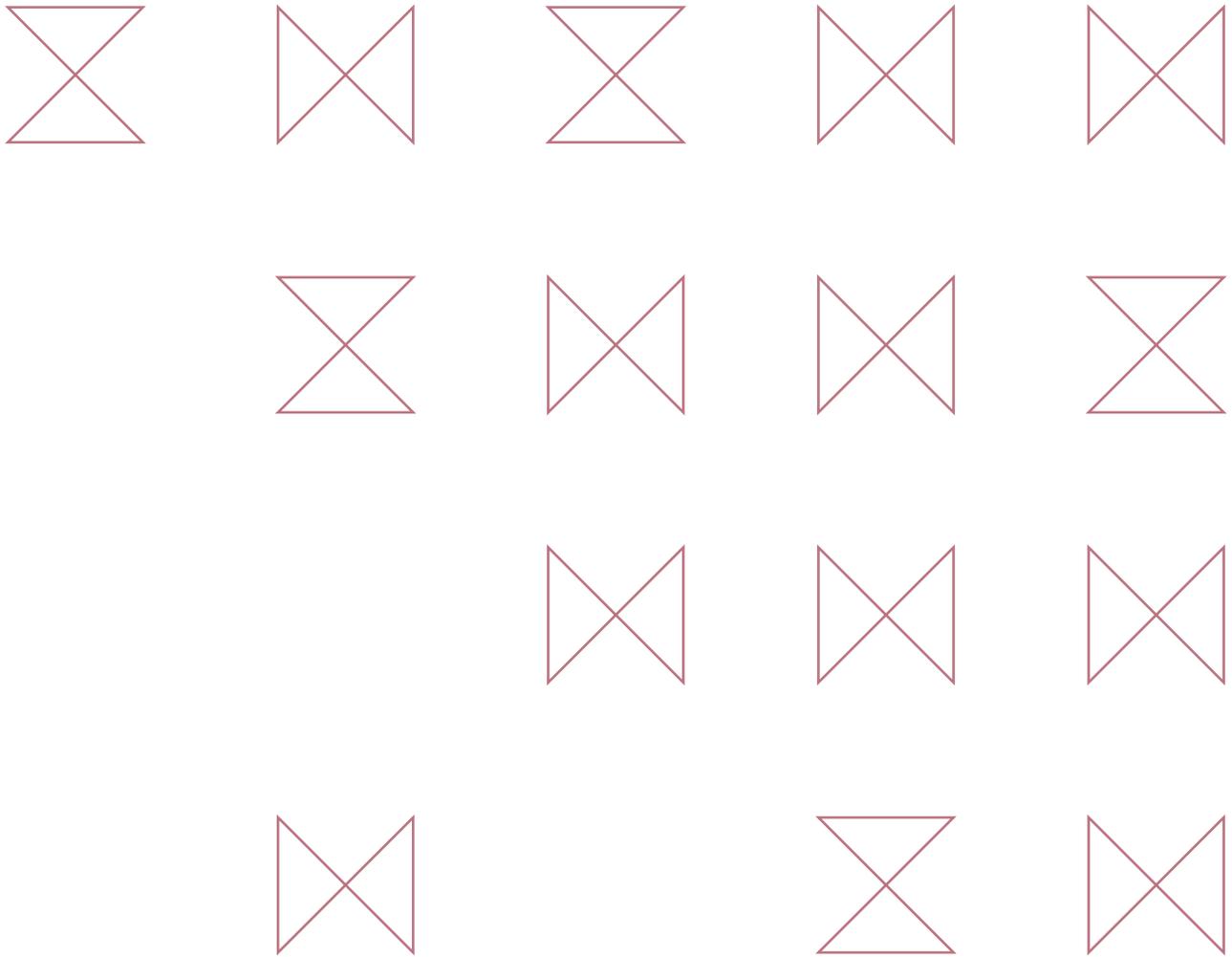
Additional Tools Available

Growth Action Plan

Quick Reference Sheet of Afghan government and business support

Startup Costs and Growth Capital Worksheet

Types of Capital



6.
What are the Human Resources challenges when growing my business?

The Basics

One of the biggest areas where you will be challenged when you expand your business is in human resources. When you started your company it is highly likely that you were very involved in the business all the time, working with all employees directly. Unfortunately, as your business grows, you may be less likely to be working as closely with your employees. There will probably be more distance between you and the people working in your business. It is still just as important to provide those people with the same motivation, passion and vision they would get if you were working with them side-by-side.

Another challenge that comes from growing your business, in terms of the people working for you, is that as the business grows, there will be a greater distance between you and your newly hired employees. It will be difficult for these employees to feel the same sense of responsibility to you as those the first few employees that worked more directly with you with when you started your company. Zara was Najiba's first employee when she started her candy company. Both women were so passionate about quality that they would never let a chocolate with even the slightest drip on the wrapper be sold to a customer. As Najiba's business expanded to more shops in more cities, she found that she had to spend much more time training her new employees to only make chocolates with drip free wrappers. However, even when months passed before seeing Zara in the original shop, every chocolate Zara created was perfect because she felt the same commitment to quality that Najiba did.

Tell Me More

When thinking about the human resource challenges you will encounter when expanding your business, you will want to:

Position your company for long-term success by developing future leadership. Identify high potential employees who can perform in multiple roles under various stages of growth and help them expand their skills. Leadership planning can also lead to improved employee satisfaction and long-term retention as your top talent sees a clear career path and that you are invested in their professional growth.

Promote existing employees to help grow your business. When you promote people from inside your business, you will gain the advantage of having them already knowing the systems and values of the business, unlike those who may be new to the company. Promoting from inside the company can also serve to motivate others in the company by showing a pathway to advancing up a career ladder. When Najiba began opening new candy shops, she first promoted Zara to manager of the original shop, and later promoted her to overseeing all the shops in Herat. Zara understood Najiba's passion for quality and was able to pass that along to all the workers in the shops in Herat.

Bring in outside talent to foster innovation. On the other hand, if you want to bring a fresh perspective on your company, consider hiring in people from outside. It is often helpful to do this when it comes time for innovation. Sometimes people who have been inside the company for a long time are very used to doing things in a certain way so an outsider may be more likely to bring in new ideas or new ways of doing things from their outside experience. When bringing in somebody from the outside, it is a good idea to spend a lot of time training and coaching the newcomer about the way the company operates, not just from a mechanical or operations perspective, but also to train the newcomer about how people interact with each other in your company to share some of the company's traditions or non-work-related practices.

The enthusiasm and passion felt by employees who have been a part of your business from the beginning may be difficult to maintain as the organization grows. Your team may no longer be a handful of employees working side-by-side with you to help grow the business. Make sure to keep your employees connected to your company mission and let them know the work they are doing is important and valued. Keep a close eye on the level of enthusiasm of your company's greatest assets—the employees.

Glossary Terms from this Section

Assets - Anything of value that your business owns.

Coaching - An open relationship based on mutual trust in which a more experienced or skilled individual provides an employee with advice and guidance intended to help develop the individual's skills, performance and career.

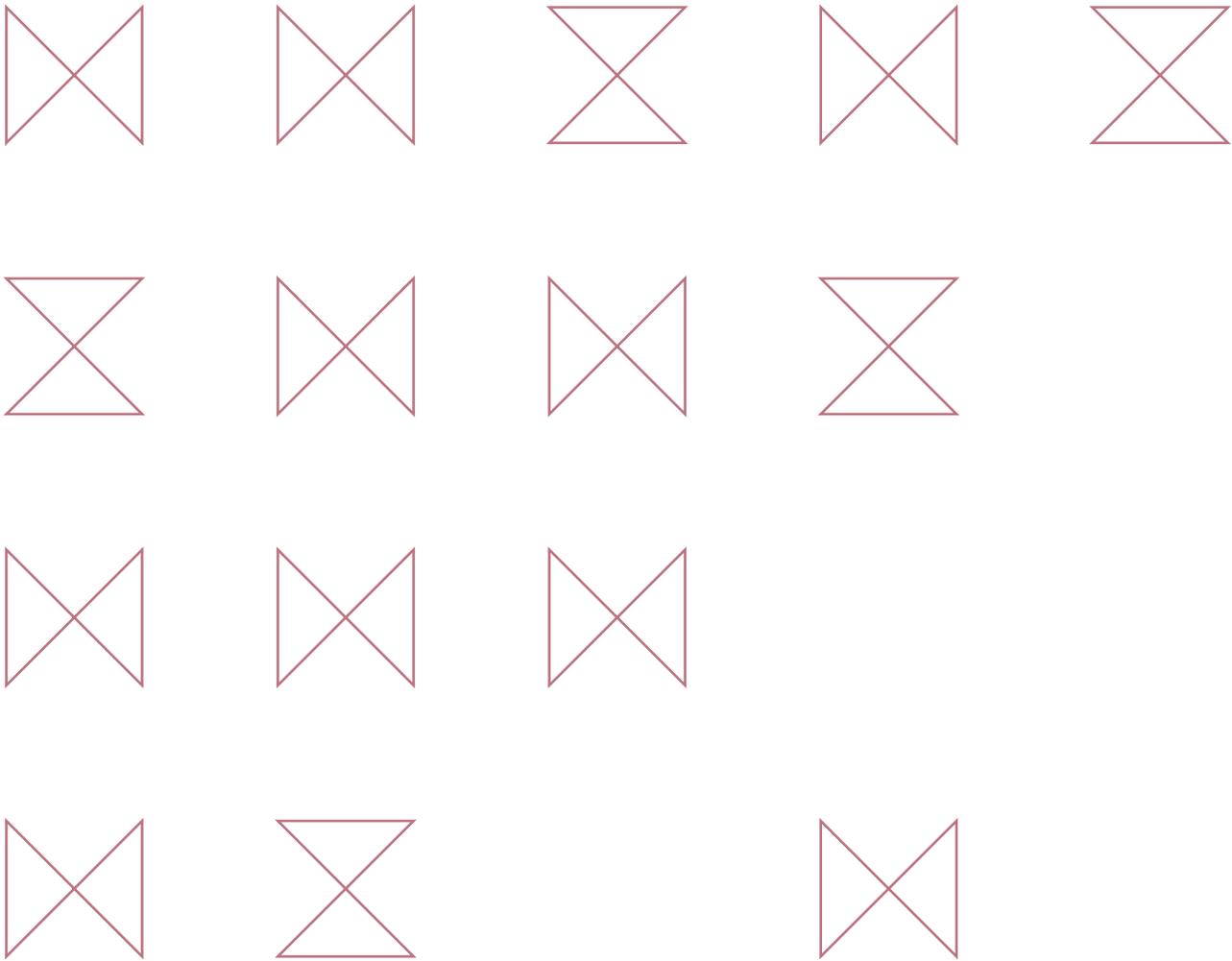
Entrepreneur - A person who organizes and operates a business or businesses, taking on risks in order to do so.

Human Resources - The department that works directly with the legal, record keeping, hiring, training and evaluation of the people who work for a company.

Innovation - Continuous advancements and improvements.

For More Information Related to this Topic See:

- How do I train talent to grow my business? 14. *Growth and Expansion*
- How do I set strategy and goals to grow my business? 14. *Growth and Expansion*
- What leadership qualities do I need to focus on during my company's expansion? 14. *Growth and Expansion*
- What do effective leaders do? 4. *Leadership*
- Why and how should I empower my employees? 4. *Leadership*
- How do I develop successful teams? 4. *Leadership*
- What is the best way to find and recruit new people to my business? 8. *Human Resources*
- How should I structure the employees of my company? 8. *Human Resources*



7. How do I train talent to grow my business?

The Basics

As you grow your business, one of the ways your role may change is that you will spend your time and energy, not only on your company's product or service, but also to find and train people to work in your business; this can help you grow your business. You may think of yourself as now being a teacher (instead of being the founding entrepreneur).

How do I create ongoing training programs and manage the expectations for my current employees?

When you start your business, many of your employees will probably be performing a lot of different responsibilities because that is just the nature of a new company. Nonetheless, the skills and talent needed at the beginning are very different from what you will need when you decide to grow your company.

The transition from starting a company to growing a company can be very challenging for you as well as your other employees. Helping new employees grow their skills and talent to keep up with the growing job demands of your company's plans for growth will not only enable you to grow your company, but be useful for your current employees.

In some cases, you may want to think about getting help from specialists in training and development. You might explore this option if there are some unique kinds of skills your employees may need that you can't provide yourself or if you don't have the time to do all the training personally. The specialists will likely want to get to know your current employees in terms of their current skills and expertise along with the job responsibilities they are expected to meet. After learning about your team, the specialist may then develop a program to help your current employees build their skills to meet the needs of your growing company.

What initial training do I need to create or make available for new employees?

With new employees, you will more likely be hiring them because of some specific skills they have that matches up with the requirements of your growing company. Therefore, the training needs are not as much about training them for skills, but rather training them in how to apply those skills in your growing company. Because companies have different ways of doing things, the initial training of new employees should focus on how things get done in the company as well as the rules and methods your employees must follow when doing their jobs.

Tell Me More

When your business first started, you probably trained each new employee yourself. But as your business grows, it is unlikely that you'll have the time (or perhaps the specialized expertise) to be able to train every employee. There are several ways to train talent as your business grows:

Use current employees as trainers

You will often find that one of your existing employees has a deep knowledge of the subject matter you want your employees to learn. Assigning your expert employees the task of designing and delivering training programs can be a cost-effective way to train employees. As an added bonus, this will also help develop the management and presentation skills of the employee giving the training. Creating an experience where employees share, learn, and bond together is very valuable when striving for long-term success. When employees feel valued and are treated as experts in their department, they are more likely to take on a bigger role and be more engaged. One word of caution about using current employees to train new employees, you will want to be sure

that your current employee has the right knowledge and skills to pass on. If your current employee is doing the work wrong and teaches the new employee the wrong technique, you now have just passed along bad habits that could be harmful to your company. Having written manuals that outline the tasks and rules of the work will help to make sure you are clearly communicating what is expected of every employee.

Use Online or Recorded Training

There may be times when you don't have enough people to provide all the training in person. As well, there may be general training that is provided over and over again to each new employee. You may be able to use technology to provide this training versus having a live person do it. Online training or recorded training can be a cost-effective and flexible way to train employees. Recorded training can be through video or even just audio files.

Large companies may be able to make their own professional online or recorded training, but smaller companies may be able to find videos, online courses, or manuals online that someone else has already developed. These may be free or for a fee. They will not be specific to your company, but topics like customer service or food safety will be helpful even if they are general.

With many phones and tablets having the ability to film videos, you could film your best employees doing a training session and then use those videos with new employees. As well, you could even use something as simple as a voice recorder on your phone or an old tape recorder to record instructions on how to do certain tasks. For example, you could record yourself making the perfect sales pitch as an example of how you want a new sales person to treat a potential customer.

Even written training, such as this toolkit or other digital manuals, could be given to new employees.

With any of these techniques, employee training material can be delivered over-and-over again with little, or no, additional cost. Programs are stored and can easily be delivered many times so as to not take up the valuable time of your other employees.

Use Associations or Trade Groups

Many industry associations offer training programs for members; check out the trade association website or newsletter for training opportunities that may be included in your membership.

Host Weekly or Monthly Lunches

You might consider hosting a training session during a meal occasionally. As you eat together, you can share new information about your business. You can also use these times to help educate the wider team about how each employee contributes to the business. You could even ask employees to come prepared to talk about their area of expertise, a new project, or a new customer. This gives your employees an opportunity to shine and also helps your whole team become more knowledgeable about your overall business.

Glossary Terms from this Section

Assets - Anything of value that your business owns.

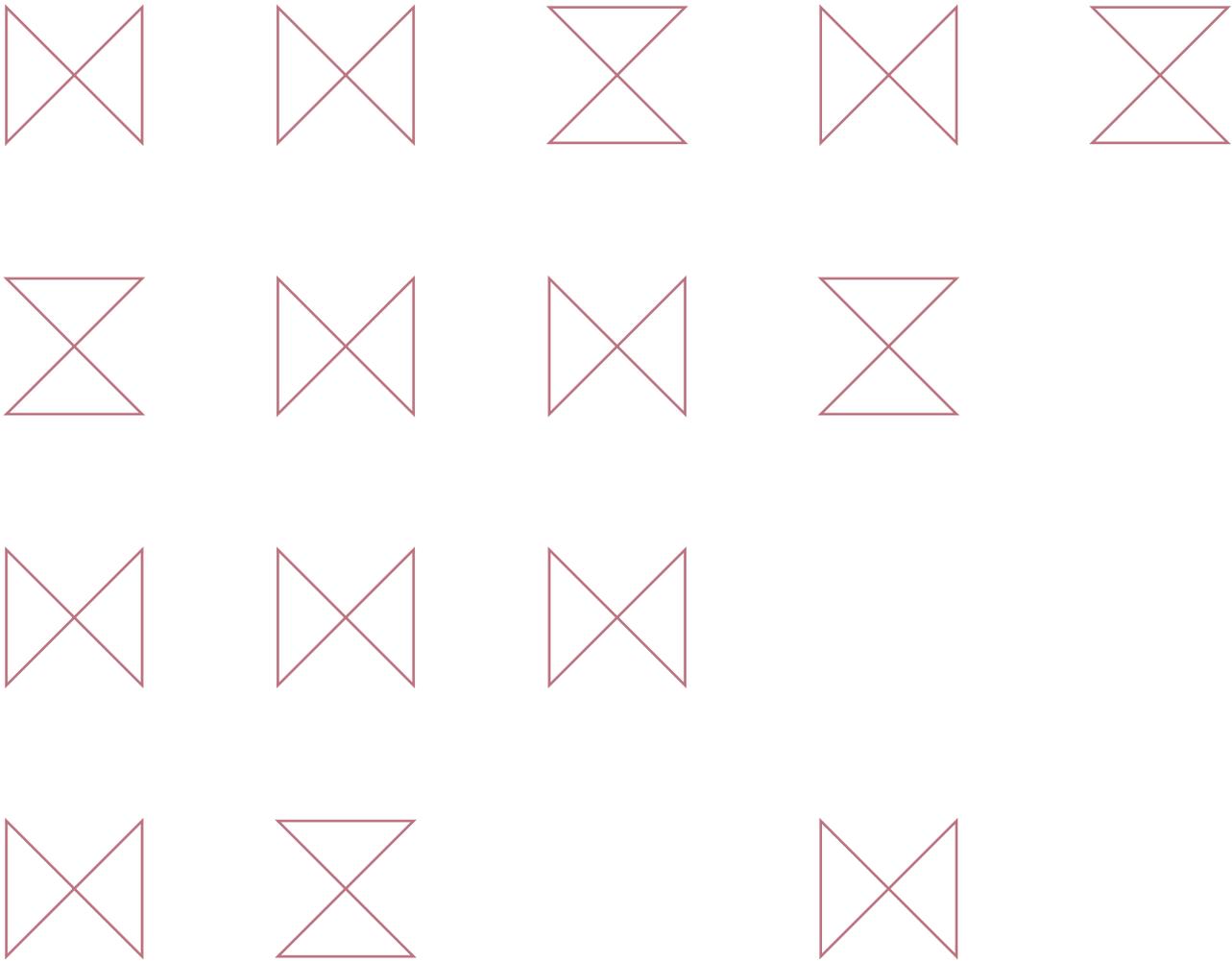
Entrepreneur - A person who organizes and operates a business or businesses, taking on risks in order to do so.

Skills - Activities that an employee will be expected to know how to perform based on what they have learned in the past, from their previous education or experience. For example, people can learn how to create and deliver effective presentations.

Training - A very broad word that includes many types of learning opportunities that can be offered to employees. Often training can be described best as a program that will help an employee learn specific knowledge or methods that can help them perform well in their jobs.

? For More Information Related to this Topic See:

- What are the human resource challenges when growing my business? 14. *Growth and Expansion*
- How do I set strategy and goals to grow my business? 14. *Growth and Expansion*
- Why and how do I empower my employees? 4. *Leadership*
- How do I best train new employees? 8. *Human Resources*
- How do I develop my employee to be better workers? 8. *Human Resources*



8.
**How do I maintain
an innovative spirit
and mindset as the
company grows?**

The Basics

In the beginning of your business when you are involved with most everything, your excitement and energy is easily felt by your employees. When your business is growing and you have less contact with your employees, you can continue this energy creating small teams of employees responsible for new products, services or to figure out new and improved ways of doing their jobs. These small teams will create their own excitement because they will feel pride and ownership over their part of the company.

You can maintain an innovative spirit as your company grows by providing ways for your employees to interact and meet outside of the company. For instance, instead of holding your weekly staff meeting in the same conference room, meet instead at a local café. Remember, new surroundings and different environments help to trigger new ideas and new ways of doing things. In addition, you encourage employees from different parts of your company to meet, interact and possibly work together on new projects. Collaborating with different people who have different experience and points of view will help everyone involved to consider new possibilities.

Tell me More

Even the smallest company can benefit from innovative thinking. Coming up with creative solutions and seeing new opportunities can help a company grow. But as companies get bigger, employees can get set in doing things the same way. It can be more difficult to find that innovative spark that leads to a new product or creative approach. Here are a few ideas of how you can cultivate an innovative spirit and mindset as your company grows:

Explore ways to make the work environment more playful and informal. A more fun and relaxed state stimulates creativity and freer thinking. Consider bright color decorations or paint on the walls in a factory area that is currently drab and boring. Perhaps play music in common areas. Or dedicate certain areas for discussion and informal talk during breaks. You may dedicate room for praying and also allow your employees to drink tea and chat in the vicinity during breaks. Instead of employee training that is only a lecture, hold more interactive sessions with role playing. Hold employee contests that help name new products or design safety posters. Encourage your employees to bring you suggestions on how to improve the company or make the work environment more pleasant.

Provide some flexibility in your work environment; it has been proven that productivity increases when employees are allowed to work the way they want and at the time they want. Try to achieve this to a certain extent, while still maintaining policy and boundaries. Perhaps create different shifts, or provide work from home opportunities. You will be surprised how your employees will feel more responsible and motivated to continue with innovative pursuits. As your company grows, you should also be willing to adopt more changes. You should be cautious, though, to not let employees take advantage of your flexible work environment and avoid being productive. For example, some employees may delay completing their work during flexible hours and use company time later to do their work. With good communication and enforcing of your policies, you can create flexible, as opposed to chaotic, work environment.

Spread enthusiasm and make your excitement infectious. You will need to share your passion to overcome team members who are satisfied with things remaining the same. You must get people excited about your plans for growth and their role in it.

Hire employees with personalities...and do not ask them to change. Originality will spark innovation, and it sure makes the day-to-day work more fun. And respect the “differences” among your team; if someone demonstrates innovative thinking, do not focus on if they look or act differently. None of that matters if he or she can spark innovation.

Use teams with a variety of backgrounds, experience and expertise. Putting together people who may not always agree on things but who bring different approaches will likely lead to solving problems or finding new opportunities. For example, put together teams that have both younger and older members, or group people who have different education or training. A team that included people who love numbers with people more comfortable with words will certainly draw on different points of view.

Set up a rewards and recognition system to foster innovative, entrepreneurial activity. Your environment should be a place that protects ideas and provides rewards for your team of employees. Even if some ideas do not seem usable, do not be too quick to ignore them. Instead, build on those ideas and see if they lead to other ideas that may be more practical. Innovation will drive your company's growth so be sure to reward and recognize those employees who are pioneering new ideas!

Glossary Terms from this Section

Entrepreneur - A person who organizes and operates a business or businesses, taking on risks in order to do so.

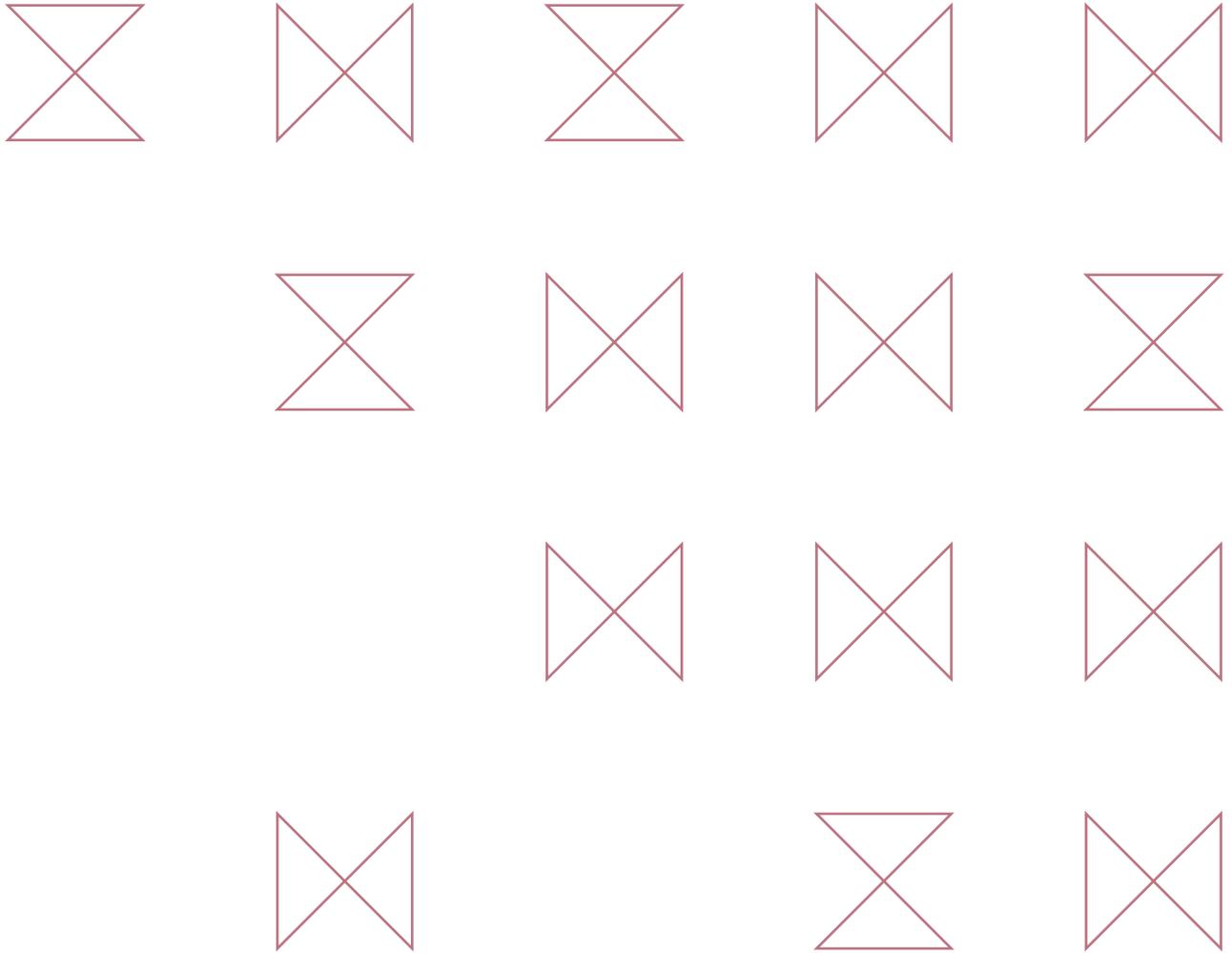
Innovate - Continuous advancements and improvements.

Productivity - A measure of how effective something is.

Rewards - Something that is given to another to recognize an accomplishment, service or some kind of desired behavior.

For More Information Related to this Topic See:

- How do I set strategy and goals to grow my business? 14. *Growth and Expansion*
- What are the human resource challenges when growing my business? 14. *Growth and Expansion*
- What leadership qualities do I need to focus on during my company's expansion? 14. *Growth and Expansion*
- Why and how should I empower my employees? 4. *Leadership*
- How can I gather more ideas for improvements that I want to make? 4. *Leadership*
- How do I keep good employees in my business to stay motivated, interested and happy? 8. *Human Resources*



9. How do I set strategy and goals to grow my business?

The Basics

One of the things that is important in setting a growth strategy is to do this with a view outside of the company and focused on the future rather than the present. You can develop a strategic viewpoint by spending time reading about things going on in other markets for other products and services. You can look not just on a local level, but also nationally and globally. You can also gain this wider perspective by joining organizations that provide you with contact from experts and other successful entrepreneurs.

Many companies find it helpful to take a day or two away from the company to spend time setting strategy and goals. This is usually a meeting with some of your most senior and important employees. If you have mentors, coaches or if you have created a board of advisors, you may want to invite them as well. During this meeting, you want to explore a wide range of ideas for new opportunities or ways to improve the company. You will most likely not figure out exactly how you will accomplish the things you discuss, but it will be helpful to settle upon a few goals for your company to accomplish in the future so later you can set up small work teams to put these new ideas into action in your company.

Tell Me More

When setting strategy and goals to grow your business, it is important to step back and address some basic questions which will form the core of your growth strategy.

What problem you are solving for today's users of your product?

Though some time may have passed since you launched your business, when it is time to grow your business, it is also time to look at the value proposition that your product or service offers. Think about possible ways that it could be offered differently or to different customers.

Also look at the way your customers are using your product or service. It is possible that your customers have found new or different uses for your product or service, and you can grow your business by focusing on these new uses. Remember that some customers may have already proven the value of your product or service in a new or different way. For example, your business may manufacture dish washing detergent for home use. But then you hear of your customers also using the detergent as a stain remover for clothing. The soap in your product is ideal for breaking down food greases not only on dishes but also on clothing. You might think about developing another package size with a squirt nozzle that is better suited for applying the detergent to spots on clothing. By doing this, customers may be encouraged to buy both sized packages, one for the kitchen and one for the laundry.

What in your product is truly different?

Here again it is a good idea to step back and think about what makes your product or service unique and valuable; use these unique features as the basis when you think about new products or services. For instance, using the same example of the toy putty that has been useful in removing stains, one of the unique aspects of this product is that it is made of non-toxic materials that are not harmful to people. This non-toxic feature was critical when it was introduced as a toy so that children would not be sick if they ate it by accident. But now that the product is being marketed as a stain remover, that same non-toxic quality makes it more attractive than other stain removers that are made of harmful chemical. Places like hospitals, nursing homes and other places where potentially harmful products are avoided or prohibited will find this trait especially attractive.

Where do you think your customers' needs will change in the next 3-5 years?

When you look for potential new uses for your product or service, you want to be thinking ahead to identify future trends that will shape the way potential customers may perceive your product or service. Think about

things might consider producing in the future.

We live in a very fast-changing world, where things outside of our control can often create both challenges to the way we are currently doing business and create opportunities for those who can adapt to these changes. The idea for you as an entrepreneur is to be constantly thinking ahead and considering how you may need to change what you are currently doing to keep up pace and how to use change as a pathway to new opportunities. For instance, not too long ago, it was rare that an Afghan owned a smart phone. Today, as more and more people acquire these devices and have access to faster and faster internet service, things like advertising online and shopping online are not as rare. As Afghans continue to gain access to more and better technology, you need to think about how will the changes impact how your customers find you and how you interact with your customers. You might have seen many clothing companies showcasing their new collections on Facebook every season. They do this because they are aware of the shift in advertising techniques. Many small businesses have begun to use social media as a platform to reach customers, market products, and receive products.

Glossary Terms from this Section

Entrepreneur - A person who organizes and operates a business or businesses, taking on risks in order to do so.

Goal - An observable and measurable end result with one or more objectives to be achieved within a timeframe.

Value Proposition - This reflects the value that customers receive from buying your product/service at a particular price. It is equal to the benefits of a product/service minus its costs to them.

For More Information Related to this Topic See:

- How do I know when to expand my business? 14. *Growth and Expansion*
- How do I maintain an innovative spirit and mindset as the company grows? 14. *Growth and Expansion*
- How do I get new ideas to innovate and expand what my company offers in products or services to grow my business? 14. *Growth and Expansion*
- How do I keep ahead of my competition? 14. *Growth and Expansion*
- How do I determine my organizations goals? 4. *Leadership*
- What do effective leaders do? 4. *Leadership*

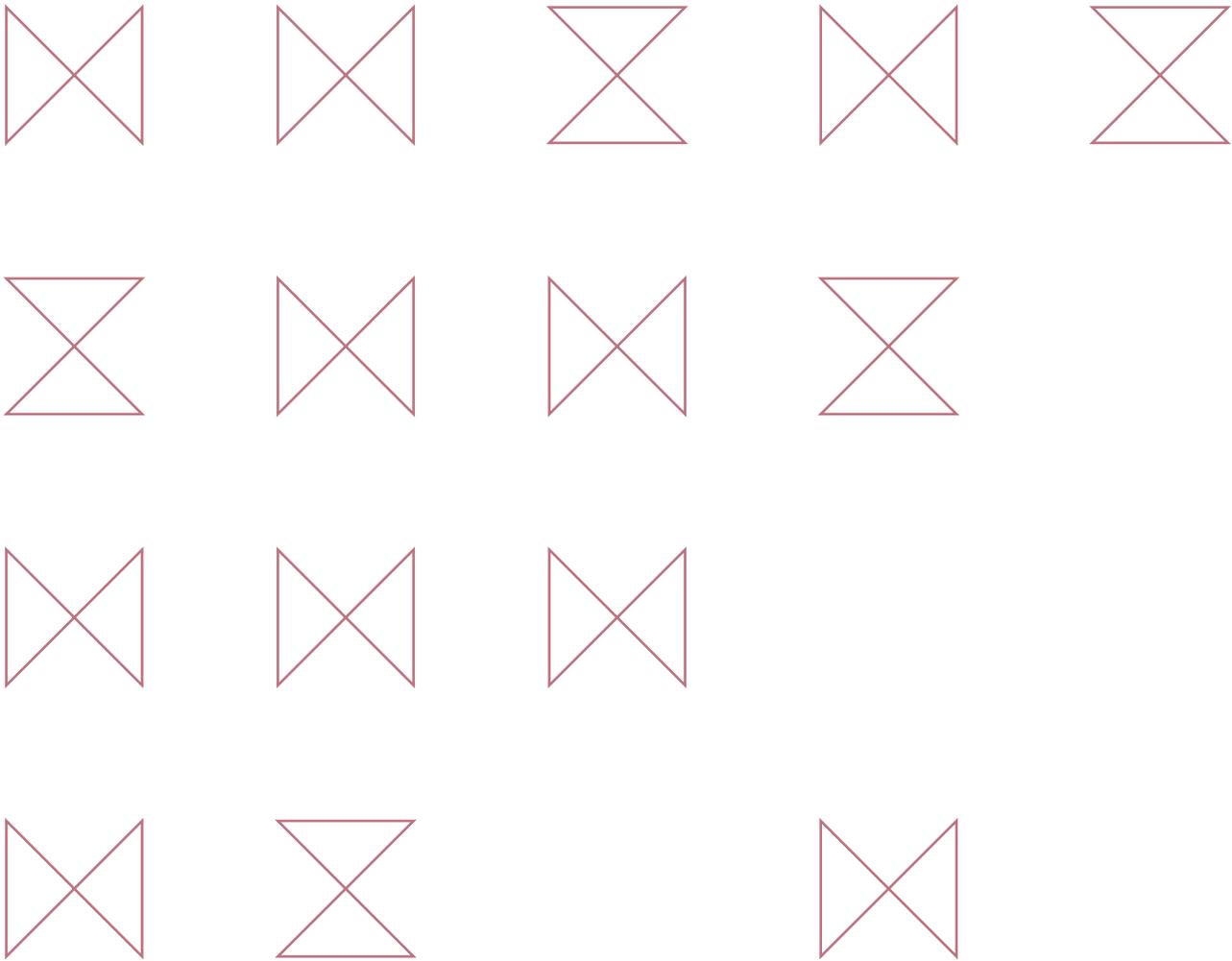
Additional Tools Available

Growth Action Plan

Roadmap for International Growth and Expansion

Business Plan Outline

Roadmap to Success



10.

What is outsourcing and when should I use it?

The Basics

Outsourcing is when you decide to use an outside person or organization to provide or deliver goods and/or services on your behalf. For example, Zainularab raises bees and harvests their honey. She seals the honey in attractive jars with colorful labels. In the beginning, she hand-pasted the labels herself on the jars. It took a lot of time. But then she found a company that had equipment that could bottle the honey, paste labels on jars automatically, and pack the bottles into cardboard boxes. Zainularab now hires this company to prepare all her jars for them so that she can concentrate on the honey and not the packaging.

There is no precise method to determine when you should outsource services; it is mostly a matter of judgment. If you see something that your company is doing could be improved by having someone else (or some other company) do the same thing better, faster or cheaper, then you might think about outsourcing. In Zainularab's case, the packaging company could fill, pack and paste the labels on faster and straighter than she could by hand. And while the cost per jar is more expensive buying them from the outsourcing company, she saved so much time on labor that the change saves her money overall.

When making decisions to outsource services, you will need to have been keeping accurate records on your costs and production times. If you have not been maintaining good records and measurements, then you won't have the information necessary to judge if outsourcing is helping you or hurting you.

Another consideration when outsourcing a task you have been doing yourself is to make sure the outsourcing company maintains the same level of quality and customer satisfaction as your company. Sometimes when companies outsource, they may find that their customers are disappointed when they have to deal with a different company. If you do decide to outsource it will be important to closely watch the performance of the outsourced company to make sure that the quality of your product doesn't decline and that your customers remain happy.

Also, keep in mind that when you outsource, it may be difficult to determine who is responsible if there is a failure of your product or service because you will not be in control of the activity happening in the outsourcing company. This is all the more reason to pay attention to the satisfaction of your customers so that you can catch any quality issue quickly.

Tell Me More

While there is no exact formula to insure the right decision to outsource, here are some things to keep in mind as you consider the use of outsourcing:

Lower operating costs and labor costs are reasons why you may choose to outsource because often this results in greater profitability. The savings gained by outsourcing may free up capital for you to invest, grow or improve your company. You may also choose to outsource so you can continue focusing on your core business activities by moving time consuming processes outside of your company.

By outsourcing the production of the packaging, Zainularab was able to save a lot of time and money in labor because machines were now filling, pasting on the labels, and packing the boxes. This allowed her to spend more time cultivating her bees and producing more honey – her core business. A few areas of your business that you can outsource are:

- **Taxation Services:** As you focus on your core business, having to comply with government taxation regulations can take away a lot of time and resources from your business. You may hire a taxation service

provider and pay them a minimal fee (ranging between 8,000 AFN/month – 15,000 AFN/month for small & medium businesses) to report your taxes to the government and keep your business license active.

- **Web & Social Media Management:** Many progressive businesses build a website and social media pages to have a stronger online presence. This requires technical expertise and you may outsource the work to specialized companies that can establish a website for you and build your social media presence quickly and efficiently.
- **Recruitment Services:** If you constantly need qualified staff and recruitment takes a lot of time and resources, you may choose to outsource finding and recruiting new staff to a recruitment service provider. They usually have a large database of job seekers and their qualifications. They can find you the right talent easily.
- **Book-keeping Services:** Book-keeping is an important part of your business. You need a dedicated person to keep records of your transactions and generate financial reports. An alternative is to outsource your book-keeping work to a professional company who will collect documents from you, do the book-keeping, and send you periodic reports.

Another benefit to working with a good outsourcing firm is that they are already focused on the specific task and they have the necessary equipment and people in place. They have the resources to start your project the right away. If you were going to do the task yourself, it might take weeks or months to hire the right people, train them, and provide the support they need. And if the work required major capital investments (such as buying special equipment), the startup process can be even more difficult and costly. Zainularab could have considered buying the filling, labeling and packing equipment herself, hiring new employees and training them to use the new machine, but that would have taken a lot of time, money and energy. It was a much better business decision for her to use a company that were experts on packaging at this stage of her business. When Zainularab grows larger, she may decide to buy this equipment and begin doing all the packaging herself.

In Afghanistan, it is not uncommon to find companies that outsource part of their business. A common area is to outsource taxation services to a professional company. Many companies find the taxation reporting frequency and requirements very difficult and time consuming to comply with. As such, they hire a specialized company who will fill out tax forms, process the documents in the government, and obtain necessary tax clearance letters from the government.

In some cases, you may even find a company outside of Afghanistan to outsource to. For example, Khandahar Treasure produces beautiful embroidered clothing and housewares with the khamak style or stitching. But instead of weaving the base cotton fabric themselves, they were able to get this produced by a company in Pakistan. But if you are thinking about using a company in another country, it is important to keep in mind there may be challenges when outsourcing to a company in a different part of the world. That company may be in a different time-zone and the work may be performed by people with different cultures and languages. These may all be challenges to insuring that the product or service is performed the way you want at the quality you need.

Glossary Terms from this Section

Capital Investments (CAPEX) – Purchase or investment in a long-term asset.

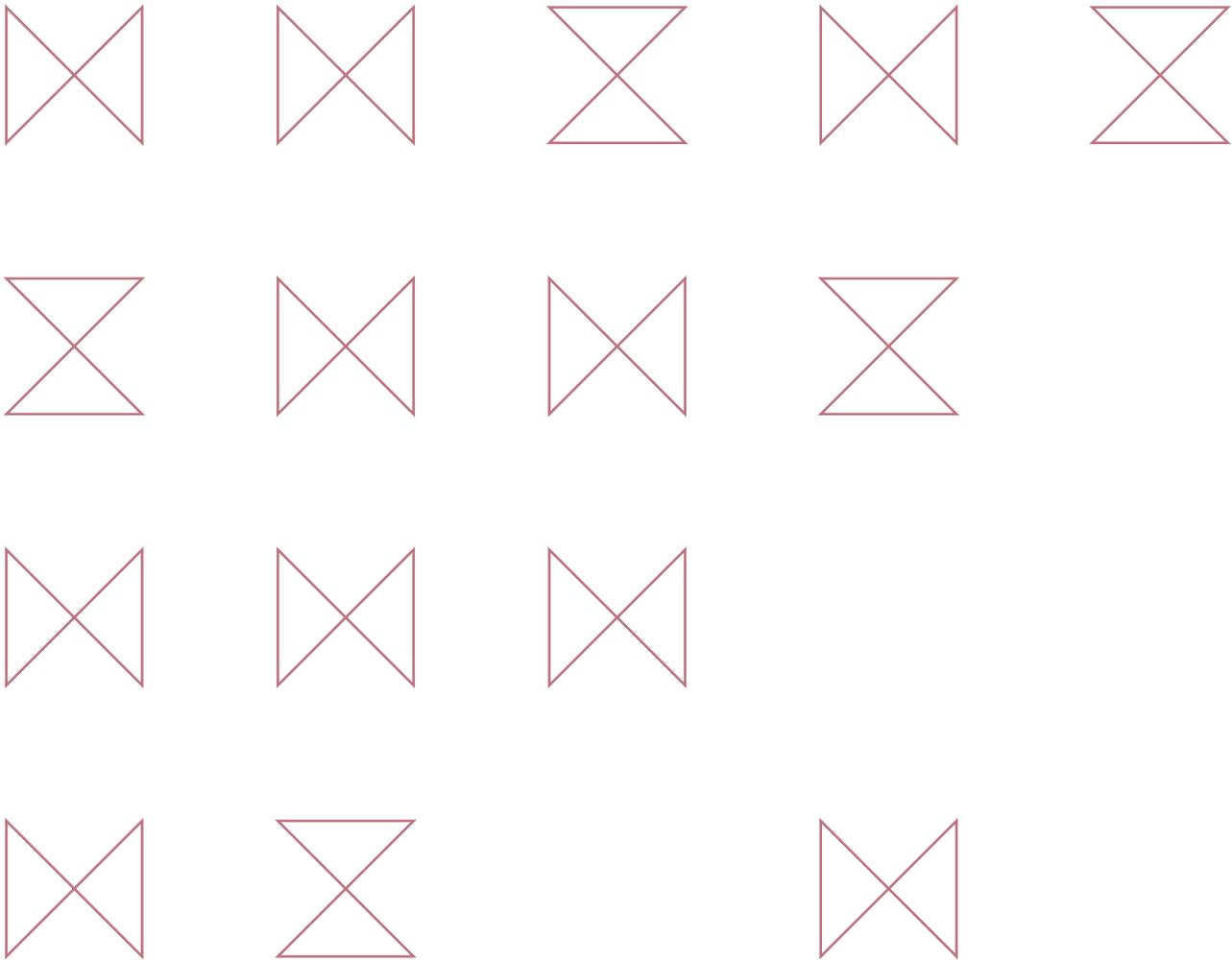
Labor – Employees that are paid a fair wage to do the work needed to produce the finished good or service.

Operating Costs (OPEX) - The day-to-day ongoing expenses of running your business.

Outsourcing - The decision to use a third party to provide or deliver goods and/or services on your behalf.

? **For More Information Related to this Topic See:**

- What are the human resources challenges when growing my business? 14. *Growth and Expansion*
- How do I maintain quality and consistency as my business grows and expands? 14. *Growth and Expansion*
- How do I keep ahead of my competition? 14. *Growth and Expansion*
- How do I decide what operational activities to outsource and which ones to manage internally?
5. *Operation and Project Management*
- How can I increase productivity? 5. *Operation and Project Management*
- How do I know if I need an accountant? 13. *Bookkeeping*
- What kind of advice and guidance may I need from outside of my business? 2. *Business Formalization*



11.

How do I plan for equipment and material needs as my business grows?

The Basics

As your business grows, you may find that you need different (or more) equipment and materials. For instance, a woman with a successful wood furniture business that has traditionally made furnishings for the home, is now expanding into office furniture. She now needs to purchase new metal bending equipment and sheets of steel so that she can manufacture metal desks. Another entrepreneur has a successful food processing and cold storage business in Herat. When she decided to expand operations into Daykundi, she needed to buy a whole new set of the same equipment she has in Herat for the new location.

Both of these women had to plan for acquiring the equipment and materials necessary to expand. Both relied on their good record keeping and measuring activities to give them the data they used to make the purchasing decisions.

When deciding whether or not to make these kinds of purchasing decisions, an entrepreneur doesn't have to make the decisions alone. Relying on your employees who normally operate the equipment or use the materials to review the possible choices will help you make the right decision. The people using your company's equipment and materials are going to be the most familiar with those things and may help you plan more effectively and make better decisions about the necessary equipment and materials needed to grow your business.

When you plan for equipment or materials to grow your business, you may also need to consider whether your current location will accommodate these new resources. You may find it necessary to find additional storage and other equipment to handle additional materials (like wheeled trollies or mechanical forklifts.)

And with new or additional equipment, will you need to provide training of existing staff to handle an expanded operation? It may be necessary for you to hire people to operate the new equipment, so think about what skills may be required. Consider if you can train current employees to do this work or if you will have to hire new workers with specialized skills. These human resources considerations should all be factored into your plans for what new equipment and materials you will need and when you will need to acquire it.

Tell Me More

In planning for equipment and materials needed to expand your business, it is important that you:

Understand why you need additional equipment, new equipment or materials.

Are you looking to increase productivity? Will this new equipment make you more successful in the marketplace? Will it help you stay ahead of your competitors? Can you upgrade instead of buying new equipment and still get better performance? Be sure you have answers to these questions and avoid being influenced by unrealistic claims made by suppliers who want to sell you equipment and materials to grow your business.

Get an external point of view.

It may be worth taking some time to get the opinion of someone who is highly experienced in working with the equipment or materials you are considering, even if you have to pay a fee for this expert advice. Ask your mentors for advice. Talk to other people in your industry to get their point of view, and explore any other options available for your business.

Be innovative.

As you consider what new equipment and materials you need, explore if there are any new innovations available. One way to do this is by acquiring equipment or technology that helps you improve your efficiency. For example, a company manufacturing detergent may consider moving away from putting their liquid soap into traditional plastic bottles with caps and instead put the soap into light weight plastic pouches. Eventually, the company may get big enough to switch to small, single load “pods” that dissolve in the wash.

Your new equipment might help you streamline your operations and create better products and services; it is a good idea to let your customers to know that you are investing in innovation. It is a clear message that you have their evolving needs in mind.

Acquiring new equipment and materials requires an overall view of your company.

Rather than making isolated purchases, look at the overall needs of your operations. Short-term purchases without long-term plans are costly and may not provide the best results. Ask yourself whether the equipment you are replacing could be used somewhere else within the company. For example, if you are buying a faster computer for someone who is designing your marketing materials, can the older, less powerful computers can be reused in departments that do not require high-performance machines. (Ask yourself whether the new features offered by more technologically advanced equipment are really of use to you before you buy!)

Shop around for suppliers.

Take time to fully investigate your options to acquire new equipment or materials. Do not let price alone guide you in your supplier decision; consider aspects such as post-sales service and a supplier’s reputation, and get references. Spend a little time online researching equipment companies before you buy so that you can feel confident that you are finding the right style of machine at the right price for the right level of service.

Keep training in mind.

All too often, entrepreneurs do not prepare for the time, money and resources required to train employees on new equipment. You want to avoid a decline in performance that occurs when employees take too much time to adapt to new technology or processes. If the equipment is new or has new features, you can assume employees will need some time and training to use the new equipment or materials properly. Be sure to plan for this extra training time.

Cost, quality and durability.

In addition to the actual cost to buy new equipment and materials, also consider the cost of maintenance and space required, as well as how long new equipment will last and maintain its value to your business. A higher cost for a higher quality machine that will last a long time may be a wiser purchase than a less expensive machine that breaks down frequently and has a shorter life.

Glossary Terms from this Section

Efficiency - Taking the lowest amount of time/effort and creating the highest quality/quantity possible.

Equipment - The tools and machines we use in our business.

Innovation - Continuous advancements and improvements.

Operations - All the activities associated with delivering a business's product or service to the customer.

Productivity - A measure of how effective something is.

Skills - Activities that an employee will be expected to know how to perform based on what they have learned in the past, from their previous education or experience. For example, people can learn how to create and deliver effective presentations. This is a skill.

Suppliers - A person or organization that provides something needed such as a product or service.

Training - A very broad word that includes many types of learning opportunities that can be offered to employees. Often training can be described best as a program that will help an employee learn specific knowledge or methods that can help them perform well in their jobs.

? For More Information Related to this Topic See:

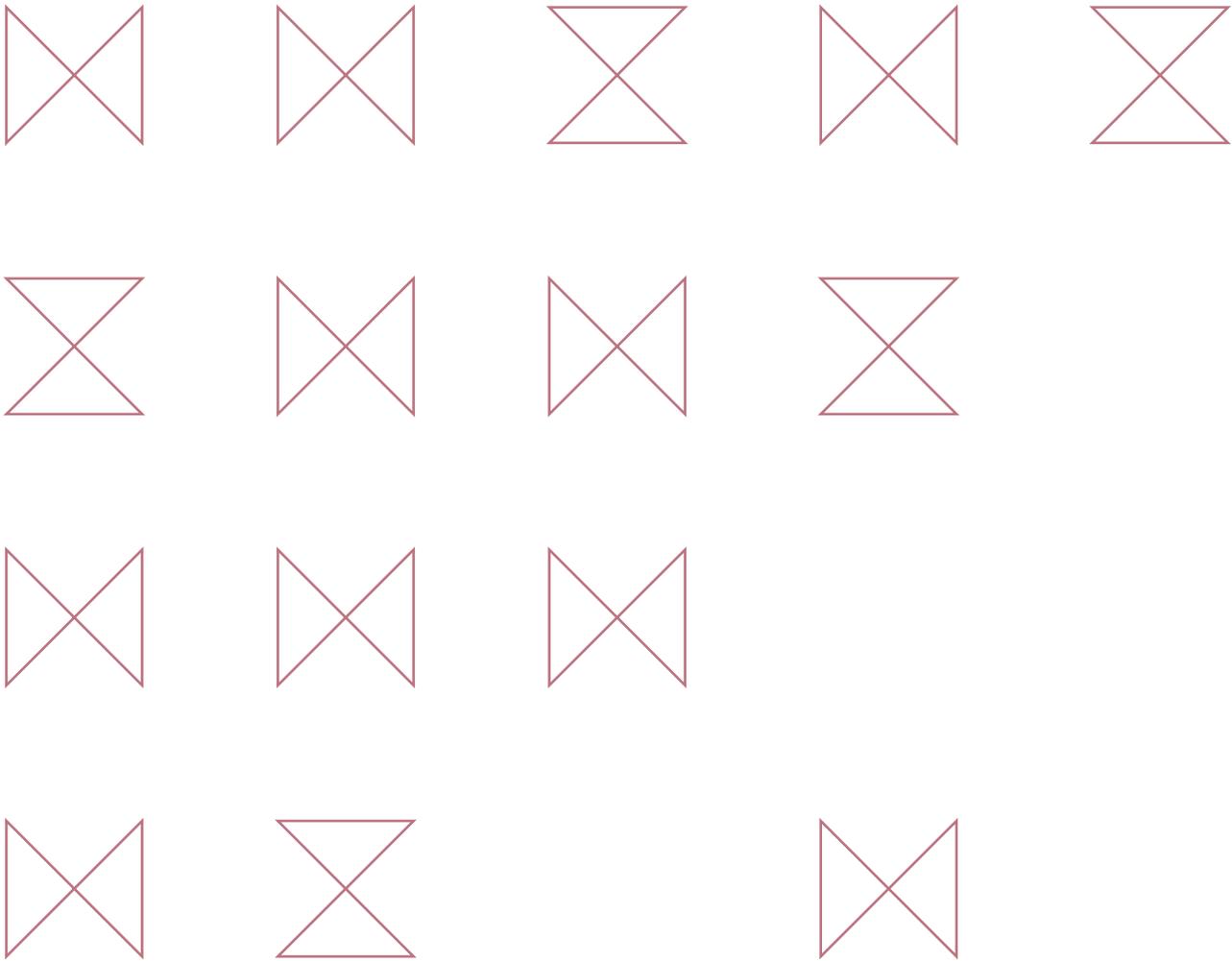
- How do I gain money and resources needed to expand my business? 14. *Growth and Expansion*
- How do I maintain quality and consistency as my business grows and expands? 14. *Growth and Expansion*
- What are the different ways I can expand my business? 14. *Growth and Expansion*
- What are the best practices in operations management? 5. *Operation and Project Management*
- What is the difference between operating costs and capital investment? 12. *Financial Management*
- How do I plan for spending money for my business? 12. *Financial Management*
- What is a budget and how do I use one? 10. *Budgeting*
- Where do I show big purchases (raw materials, equipment) in my budget? 10. *Budgeting*

Additional Tools Available

Growth Action Plan

Startup Costs and Growth Capital Worksheet

Types of Capital



12. How do I find space needed to expand my business?

The Basics

To finding space for your business expansion is often the work of a professional and licensed property dealer, so it may be helpful to be working with a property dealer that understands what the needs of your business are. For instance, do you need to have a space big enough for trucks to pull in and load? Do you need to be close the markets so your staff can easily deliver your products to your store?. In some cases, a property dealer will be compensated by the owner or landlord of the property you select for your business expansion, so their services are not a direct expense for your company. But the property dealer may take a fee from you as the person or entity that rents/buys as well as from the person or entity that rents/sells.

You may also wish to personally search and explore the areas you are thinking about for expanding your business; you are the best expert to know what will make a good location for your company. The time you spend looking for that location will be well worth it.

During your search, you may identify several spaces for expanding your business and bringing in a real estate professional may be helpful to advance your search. A real estate professional will have specific information about each potential location such as the price or rental amounts, the exact size and configuration of the space, information about if the space is appropriate for your type of business, etc.

Tell Me More

To find land for the expansion of your business, you could look into either private or government-owned land.

The best way to rent or buy private land is to work with property dealers. You would tell these dealers about your needs and preferences, and then visit potential places they identify. If you find a site that works for you, you'll negotiate prices with the dealer to acquire the necessary land. You may need an existing facility or building to rent instead of just land. Be sure to find a property dealer who works in the location you want to find a building. , For example, if you wish to find a store facility in Jalalabad city, you should look for property dealers in Jalalabad to help you. Usually they are aware of all available spaces in their neighborhood.

To obtain government-owned land, you will need to go through a much longer process. Usually the government does not sell land but rather leases it for a longer period i.e. 5 years to 30 or 40 years depending on your business plan. The government will require a detailed description of your business expansion plan and your financial resources before you qualify to obtain land. The government will typically give land in commercial areas such as industrial parks which are designed for industries to operate in. It's necessary for you to research available land in your preferred locations before approaching the government. You may find it difficult to find available government-owned space in urban areas, but you may try to lease a space in industrial parks. The requirements of leasing land from the government depends on the organization that provides the land. The main provider of land for businesses is Afghanistan Land Authority (also known as Arazi). Arazi has a much larger mandate to manage all land-related matters in Afghanistan, but part of its work is to lease land to the private sector. The procedures typically entail provision of a business plan, presenting evidence of financial capabilities, qualification of staff, and having legal documents such as a business license. When you decide to obtain government land, you may contact Arazi or Afghanistan Central Business Registry (ACBR) as a starting point and follow their directions.

Here are some considerations when you are looking for space to expand your business:

Location

If your expansion is to find a new place to operate your business, the physical location of your business is likely to be important to you, your employees, your customers, and your suppliers. Consider the neighborhood, commuting time, security, and access to public transportation.

Current and Future Expansion

It may be important to think about what your expansion needs are now and what they may be in the future. Sometimes it is a good idea to make your expansion decision based not only upon what you need today, but also what your expansion needs may be in the future. By thinking ahead and expanding into a larger space now you may reduce interrupting your business later by having outgrown your first expansion space.

Size and physical features

You will need to think carefully about the design and layout of your expansion space so that your expanded operation will run smoothly and will provide the ability to further grow in the future. You will want the space to be well planned, comfortable, and welcoming to employees, clients, and customers. For a lot of businesses, expansion also means expanded needs for parking for employees, customers and suppliers. It is also important to think about access to public transportation and commuting time.

Get others to help you plan your expansion

If you seek the thoughts and suggestions of your key employees you will save money in the long run by getting valuable ideas from the people in your company who will be most directly affected by your business's expansion. It may be worthwhile to work with a professional architect or consultant with experience in your kind of business operation.

Some specific questions you may wish to answer in finding space to expand your business:

- Is the area commercial or residential?
- Is the area secure and suitable for the type of expansion you wish to invest on?
- Are qualified employees available?
- Is the site close to the markets served by your business?
- Is the available infrastructure (roads, electricity, water, telephone and internet) adequate for your business's needs?
- Are the inventory and supplies you need available in the area?
- Can suppliers conveniently make deliveries?
- Is public transportation accessible?
- If you are making products that need to be shipped to a customer, are there facilities nearby for shipping?
- Are the rates for transporting your products and raw materials reasonable?
- Does the cost of this facility in this location compare favorably with other areas?
- Is the area suitable for further expansion in the future?
- Are there adequate parking facilities for customers and employees?
- Is the traffic in the area compatible with your business?
- Are the wage scales in this area similar to, or lower, than other areas?
- Is this a safe area for your employees, suppliers, and clients?

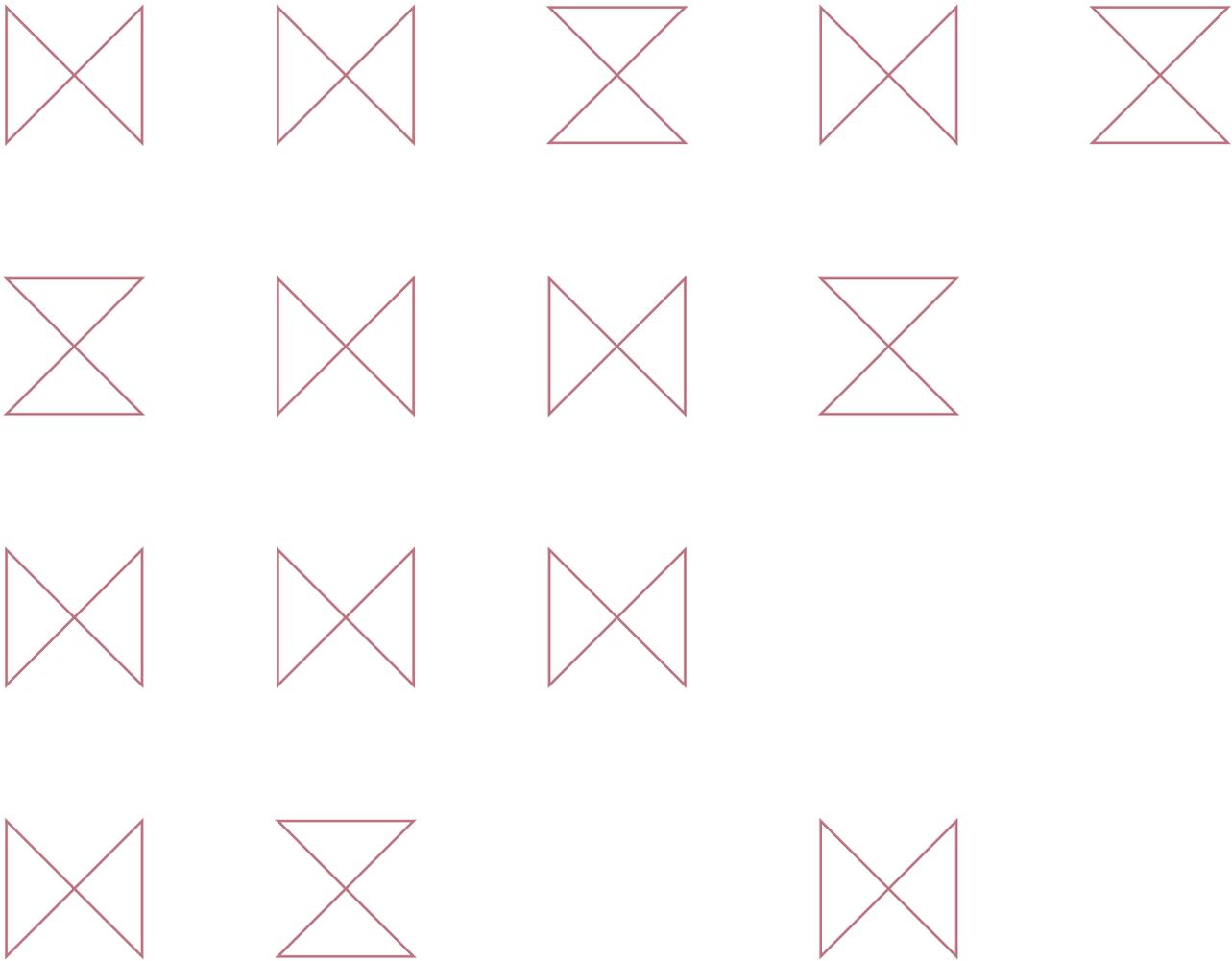
Glossary Terms from this Section

Expenses - Money paid out of the business to pay for an item or service.

Suppliers - A person or organization that provides something needed such as a product or service.

For More Information Related to this Topic See:

- How do I plan for equipment and material needs as my business grows and expands?
14. Growth and Expansion
- How do I maintain quality and consistency as my business grows and expands?
14. Growth and Expansion
- What are the different ways I can expand my business? *14. Growth and Expansion*
- What is the difference between operating costs and capital investment? *12. Financial Management*
- What is a budget and how do I use one? *10. Budgeting*
- What do I need to consider when choosing a location? *1. Startup and Planning*



13.

How do I maintain quality and consistency as my business grows and expands?

The Basics

When you started your business, you were likely to be involved in every aspect of the business and you could maintain quality and consistency. As your business grows, quality and consistency may have to be left up to the skills, talents and attitudes of people working for you. It is common for each employee to have a minimum required quality and/or quantity mark to hit each day, week, or month. This makes it easier to manage a larger workforce fairly, and to monitor performance so that problems can be addressed early with employees, and excellent performance can be acknowledged and learned from by others.

You need to communicate the importance of quality and consistency to your employees frequently. They must know that although you are not personally involved in making or delivering your company's products or services, employees have the same responsibility for a high level of quality and consistency as if you were there with them. Measure quality constantly, so that production problems can be identified early and fixed as soon as possible.

Be careful not to be too negative when you talk to your employees about the need to improve quality. This attitude may actually result in declining quality if it is handled with too harshly. Rahima kept getting complaints that the soccer balls her company manufactured were not perfectly round. Every time she got a complaint, she yelled at the seamstresses who constructed the balls. Over time, many of the employees left, but the problems still persisted. Rahima found out later that the machine that stamped out the leather sections for the balls was not calibrated correctly and was producing lopsided pieces. The poor quality wasn't the seamstresses' fault. But Rahima felt the impact of losing her temper in all the lost staff and extra expense needed to hire and replace them.

If you want to truly improve quality in your business, resist the temptation to dwell on flaws and instead involve your team in correcting the problem and looking for ways to improve overall quality. Do employees need better training, newer or better maintained tools? Are the raw materials you are using of good enough quality? When the source of the problem is found, your team can be put into action finding solutions, and implementing them as quickly as possible. Had Rahima worked with the seamstresses to uncover the cause of the misshaped balls, she likely would have fixed the problem much quicker and had a happier, more engaged and productive team.

Tell Me More

There are several things to consider in maintaining quality and consistency for your growing business:

Make a commitment to quality

Business experts suggest that in order for quality to be achieved, employees must believe that the top leaders in the company insist on it. Leaders must give this message again and again – quality is the top priority. If employees don't think the company is committed to producing excellent products and services, workers will likely relax their attention, which will lead to an overall decline in quality. Zarmina owned three clothing stores in Kabul. She had a manager at each store but would often stop by to visit all the stores a few times a week. The fitting rooms in all of Zarmina's store were always a mess – full of clothes that people tried on but didn't put back. There were often clothes in the showroom that had slipped off of hangers laying under the racks. Zarmina would walk by the racks and the fitting rooms each day and never stop to pick anything up; she thought that was the job of the manager and the staff. She was frustrated that her employees were so lazy that they didn't make the effort to present a clean store to the customers. But the employees say Zarmina walk right by the mess and assumed that if it didn't bother the boss, it should bother them. The employees did not see a commitment to quality from the top.

Measure your business processes and keep track of mistakes

If you are going to commit to quality, first, you must define exactly what quality is. You will need everyone in your company to know how you are judging quality, what standards you are setting, and how you are measuring quality. Keep detailed records of your quality measurements, so that you can find problems over time. If you find that your quality standards are not being met, then you will need to make some changes to the process. In Zarmina's case, she could define a clean store as having no clothing on the floor or in the fitting rooms. She could put a card in each fitting room and have employees check the rooms each half hour to make sure they were empty, then sign the card with their name. She could further require that the managers spot check the rooms throughout the day and then collect and sign the completed cards each evening at closing time.

Invest in training.

Training and quality are performed at several levels in your growing company. You should set up a new-employee initiation program that trains workers to focus on quality issues from their first day on the job; some companies have existing employees in charge of training new employees because only they can provide a first-hand perspective on how the company's operations. You may also consider participating in new-employee orientation training sessions because this gives you a great opportunity to share your values and a sense of purpose with a new employee right from the beginning.

In addition to new employee quality training, you should have frequent training sessions for all employees so that they see how their individual behavior contributes to your company's goal of quality, to your company's success and importantly, their own personal success.

You can learn more about new employee training and how to set up orientation training in the Human Resources section of this toolkit.

Listen to others when it comes to quality improvement

Too many people turn the importance of maintaining quality into something that puts workers under a great deal of stress. Employees become more concerned about making mistakes than about providing great quality to their customers. Instead, include workers and listen to their ideas about ways to improve quality. The best ideas for quality improvement will likely to come from your employees. By listening to and carefully evaluating ideas from everyone, they will feel respected, appreciated and will be energized to support changes that may be developed to improve quality.

You should also give employees the opportunity to experiment and try out new ideas. If these attempts fail, it provided new information, and is another building block in the construction of a quality program.

Glossary Terms from this Section

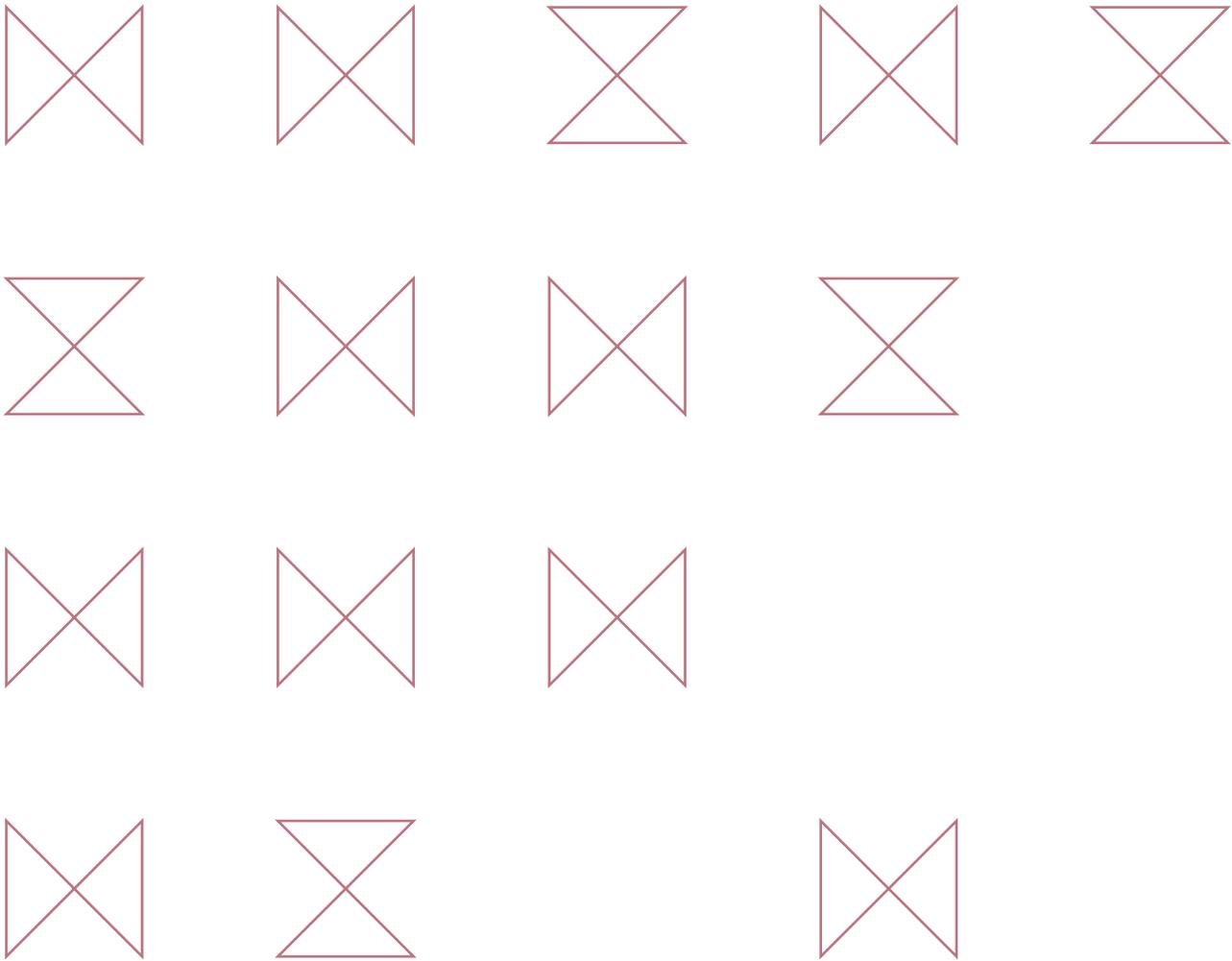
Goal - An observable and measurable end result with one or more objectives to be achieved within a timeframe.

Operations - All the activities associated with delivering a business's product or service to the customer.

Training - A very broad word that includes many types of learning opportunities that can be offered to employees. Often training can be described best as a program that will help an employee learn specific knowledge or methods that can help them perform well in their jobs.

? For More Information Related to this Topic See:

- What will I need to know before I register my business? 2. *Businesses Formalization*
- What kind of certifications, license, or permits do I need? 2. *Businesses Formalization*
- How do I keep ahead of my competition? 14. *Growth and Expansion*
- What do effective leaders do? 4. *leadership*
- Why and how should I empower my employees? 4. *leadership*
- How do I best train new employees? 8. *Human Resources*
- How do I set and track performance goals with my employees? 8. *Human Resource*
- Why is quality important and how do I create quality in my operations? 5. *Operation and Project Management*



14.

How do I get new ideas for products or services to grow my business?

The Basics

Most successful entrepreneurs have achieved that success because they continued to find new products or services to offer – and not only to their current customers, but also to new ones. Here are some ways to get new ideas and expand your company offerings:

Ask your customers who are already using your product or services for their ideas for things they would like to have you offer. Since they are already familiar with your company and its products and services, they are a good source for innovation. Also, when they know they may have contributed to your business expansion they will likely buy your new product or service.

Sometimes your employees will be a good source of ideas for new products or services, especially employees who have direct contact with your customers. Consider ideas from employees whose job may not be directly related to selling, but who may have direct contact with your customers on a regular basis. These could be employees delivering your products to customers, or employees working at an order desk who frequently may be in touch with your customers by phone or by email.

You may also find it helpful to be involved with trade associations or business organizations where experts meet and share ideas about the future. Even if an organization is not directly related to your specific business type, these gatherings can start your thinking about the future.

Tell Me More

Successfully growing companies have a deep understanding of their customers' problems. This customer insight is the foundation for innovation and can lead to introducing new or improved products, services or processes.

To start, do your homework about the market, just like when you were in the planning stage of initially starting your business. Study both customers and competition. Where are there gaps in what is offered or problems not being solved? These represent opportunities for new products and services.

You can identify opportunities for innovation by adapting your product or service to the way your marketplace is changing. For example, if you have opened a bakery you might consider lowering the sugar and fat content for a few of your products to appeal to the health-conscious consumer, providing a delivery service to your frequent customers, or the ability for them to put in orders for their favorite pastries or cakes ahead of time online or via text message.

You could also innovate by introducing new technology, techniques, working practices or perhaps using better processes to give a more consistent quality of product, or to decrease the time it takes to make products or deliver services.

If your main competitor's products have a reputation for being cheap, rather than trying to compete on price, you could innovate by emphasizing the quality of your products or service and for your new, higher quality products or services; you should even consider charging a premium.

Glossary Terms from this Section

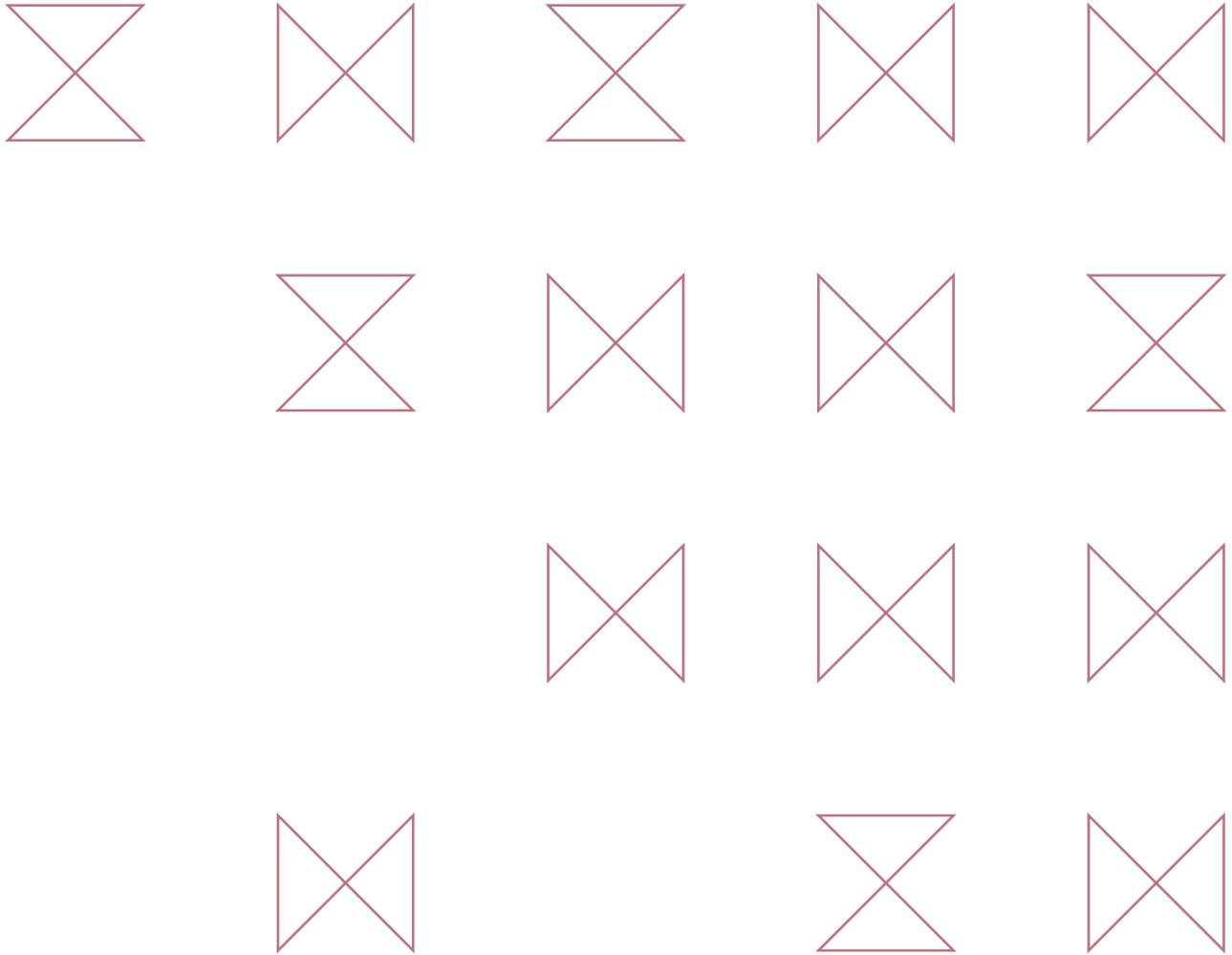
Entrepreneur - A person who organizes and operates a business or businesses, taking on risks in order to do so.

Innovation - Continuous advancements and improvements.

Trade Associations - Organizations that are focused on serving the needs of specific kinds of businesses.

For More Information Related to this Topic See:

- How do I find out if ideas for new products or services will be successful? 14. *Growth and Expansion*
- What are the different ways I can expand my business? 14. *Growth and Expansion*
- How do I maintain quality and consistency as my business grows and expands? 14. *Growth and Expansion*
- Why should I develop both personal and professional networks, and how do I do this? 4. *leadership*
- Why and how should I empower my employees? 4. *leadership*
- How should I receive feedback? 4. *leadership*
- How can I gather more ideas for improvements that I want to make? 4. *leadership*



15.
**How do I find out if ideas for
new products or services will
be successful?**

The Basics

It is always risky to introduce new products or services in your growing business, just like it was risky at the beginning when your new business was based on just one or a few products or services. To reduce the risk of offering new products or services you may try a few approaches:

Build a Sample or “Prototype”

If you are producing a product, it is a good idea to create and build a prototype. A prototype is a rough, hand made version of your product that can be used for testing and to demonstrate how your product works. It can be a very simple example, or a fully functioning sample of the new product. When you have a prototype, it is much easier to show to others, especially potential customers, than only showing a description with words or drawings. You will be able to get much more reliable feedback when you have a prototype.

Ask Your Customers

Use your customers to give you feedback about the new product or service. Since your customers are already using your product or service, they are a good source for opinions and reactions to your company’s ideas for innovation.

Try new products or services with a small group of potential customers

In addition to your current customers, you may wish to gather a small group of people who will be similar to your future customers for this new product or service. Let them try out and experience the product or service you are thinking about introducing; you will likely find out things (both good and bad) that you never expected. It is much less expensive and risky to try things out on a small group than to do a full-scale new product or service launch.

Tell Me More

When you have an idea to grow your company by introducing a new product or service, you need to check your idea by doing some honest thinking about how well the new product or service will perform in the market. It is fun to think about the possibility that your creation will be a huge success, but the introduction of new products or services needs to be well thought out. The last thing you want is to put your new product or service out into the market and have it fail because you did not do your homework, misjudged the market or failed to advertise properly.

To give your new idea the best chance to succeed, you need to accurately test the market and plan your launch accordingly. Here are some ideas for successfully introducing new products or services:

Start with Friends and Family

A lot of research about new products or services starts with discussing the idea with the people in your life. This conversation can be done informally, over a meal or in the car; in general, you just want to get a feel for whether your idea makes sense to someone other than yourself. Do other people think that there is a need for it? Would they spend money on it?

Small Scale Testing

Once you decide you want to move forward with your idea, you will want to start market testing on a small scale. If you are creating a physical product, have prototypes made so that people can try it out and give you feedback on its design and whether it seems useable.

If you are creating a service, have people start using it on a limited basis, likely at no cost so the early users will be more willing to provide feedback. Use all feedback and do not avoid it when there is criticism, If you find multiple testers have the same complaint, there is something wrong and you need to fix it. Ask those same testers for more information – they will likely be willing to help you solve the problem. And they will be more likely to be loyal to your service because they know you listened to them and fixed their complaints once.

At this stage, you will also want to get feedback from other people, not just your friends and family. You want to start getting the opinions of people with whom you do not have a personal relationship. For this stage, ask friends and family to enlist their friends and family to provide feedback, ask your current customers to try your new product or service idea, or you can use bulletin boards, community centers, social media, etc. to find testers.

Do Not Fear Competition

After you have come up with an idea for a new product or service, you may be disappointed to learn that there are already similar products on the markets. Do not be discouraged. The fact that there are already versions of your idea on the market means that there is a need and a desire for it among consumers. This just means that to succeed you need to differentiate your product or service by making it unique so it will stand out. To help you identify and analyze your competitors, fill out the Competitive Analysis Worksheet in the Tools section.

Glossary Terms from this Section

Differentiation - What companies do to offer something different from the people who are already selling a similar product or service.

Feedback - Information provided to someone for the purpose of helping improve or change behavior.

Innovation - Continuous advancements and improvements.

Prototype - A rough version of your product that will be hand made to test it and to also to show how your product works.

Risk - Taking a chance when you do not know how things will turn out.

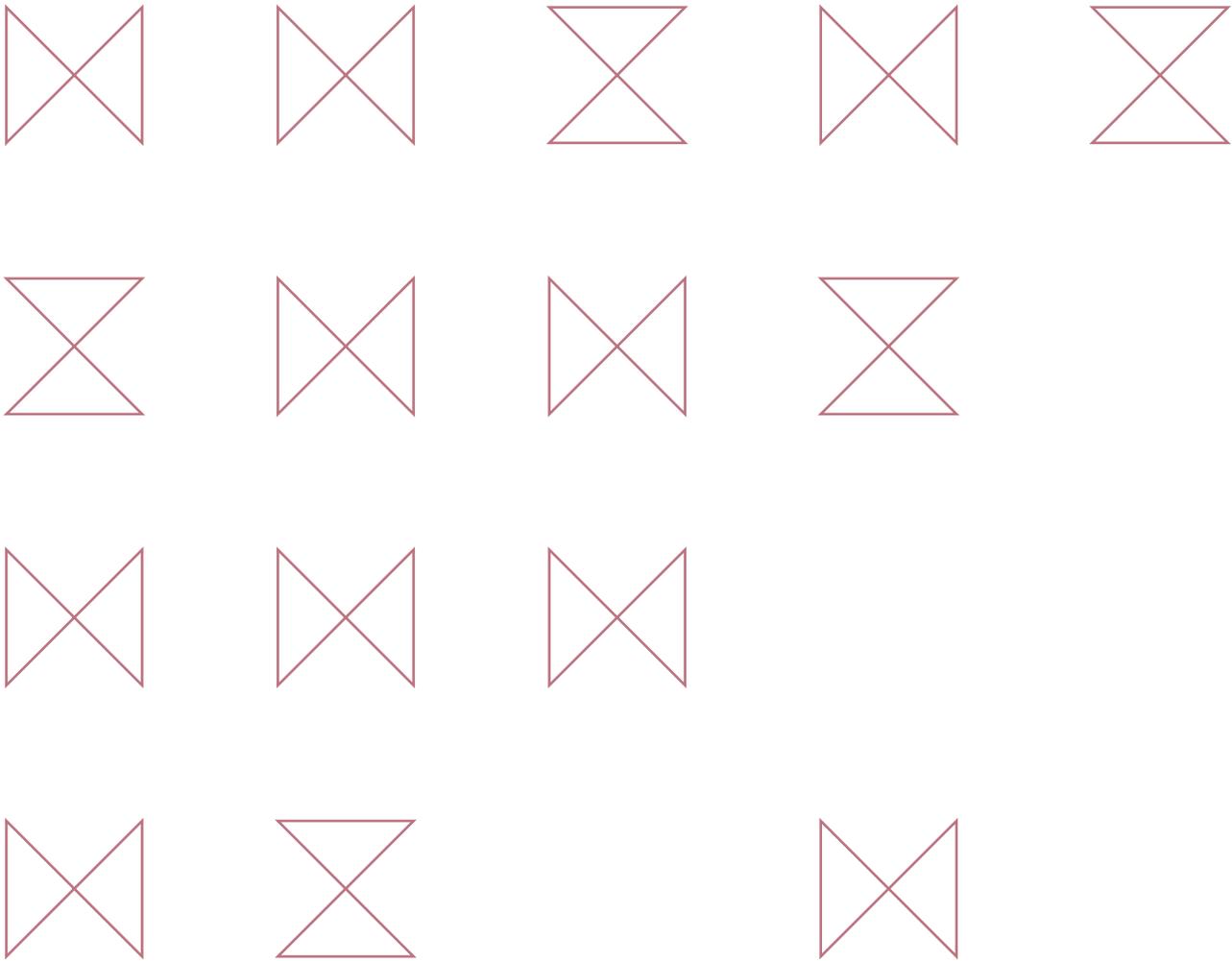
For More Information Related to this Topic See:

- How do I get new ideas to innovate and expand what my company offers in products or services to grow my business? 14. *Growth and Expansion*
- How do I maintain quality and consistency as my business grows and expands? 14. *Growth and Expansion*
- How do I keep ahead of my competition? 14. *Growth and Expansion*
- How do I find out if people or businesses will buy my product or service? 1. *Startup and Planning*

Additional Tools Available

Competitive Analysis Worksheet

Market Research Worksheet



16.

How do I keep ahead of my competition?

The Basics

While it is important to stay ahead of your competition it is also important to maintain your focus on what it is about your company that is better or different and to put your time and energy into continually improving your own company's strengths.

Sometimes your customers will be a source of information about what your competitors are doing but remember, if one of your customers is sharing information about your competitor they are likely sharing information about your company, too.

If you have joined a trade association that is focused on the type of business you are in, it will also likely include members who are your competitors. Meetings or conferences for your trade association may provide opportunities to learn about your competitors. Trade associations also post information, news and announcements on their website or in newsletters and that is a way to keep up to date about your competition.

However, the best way to keep ahead of your competition is to provide the best possible products or services to your customers and to make it difficult or impossible for your competitors to compete with your company's goods or services.

Tell Me More

Competition can be a big challenge when expanding your business. When you grow, you may find your competitors more aggressive and combative than they were when you first began your business as a tiny startup. This may be because you are now seen to be more capable, a larger company and bigger threat to your competition.

Here are some things to consider when you are concerned about competition:

Be bold and fight back if needed

You are going to need to stand out against your competitors, and to do that you may have to refresh and upgrade your marketing efforts. You will need to clearly demonstrate why your product or service is superior, and in some cases, more expensive. Be confident in your business and in its expansion and understand that you may have to take some risks in order to compete effectively.

In some businesses, competitors simply copy a product or service. If your company's products or services are easy to copy, you will need to be very aggressive in defending your product or service from copycats. You may consider reinforcing that you are the "original", "the first", or the "real" version of your product or service in your marketing. If you have some kind of legal protection for your product, like a patent or copyright, you may want to consider if legal action is an option. Remember that you can register your trademark, designs, and other forms of intellectual property in Afghanistan Central Business Registry to protect your business. You can communicate in writing to your competitor in a professional way that they are violating your intellectual property and you would like them to stop. This may or may not result in a change in their behavior, but it is worth trying because you are showing that you are willing to protect your intellectual property. If your competitor does not change what they are doing, you could consider hiring a lawyer or reporting the action to the Intellectual Property department of Afghanistan Central Business Registry (ACBR). In the end, only you can decide if it is worth the fight.

Focus Inward

Even though competition will likely be a challenge as you grow your company, do not let them dominate the way you run your business or affect your thinking about how you will grow. It is a mistake to let competition decide how you will deal with your customers. Every minute you worry about your competition is a minute you could be developing and improving relationships with your customers. You should not ignore your competition entirely; you should watch what they are doing carefully, so that you can compete effectively against them. Keep in mind that the individual strengths of your team members are your best competitive advantage and what will allow you to be innovative over the long-term.

Follow fundamentals and be flexible

It can be easy to get upset when a competitor comes out with a new flashy offering or marketing campaign, but often if you analyze the fundamentals of what the offering is all about, you may find there is not really much there.

Smaller businesses are nimble and can innovate quickly. Big competitors take forever to get new things going because they have to plan and they take a long time to seek internal approvals, budgets and start operations. Don't despair if you are smaller than your competitor; you likely will be able to react a lot quicker to an opportunity or a threat!

Glossary Terms from this Section

Budget - An estimate of income and expenses for a set period of time.

Competitive Advantage - When a product or service is better than its competitors and it's clear to others why the product or service is more desirable.

Marketing - The process of reaching your customers and showing them why they should buy your product or service.

Operations - All the activities associated with delivering a business's product or service to the customer.

Risk - Taking a chance when you do not know how things will turn out.

Trade Associations - Organizations that are focused on serving the needs of specific kinds of businesses.

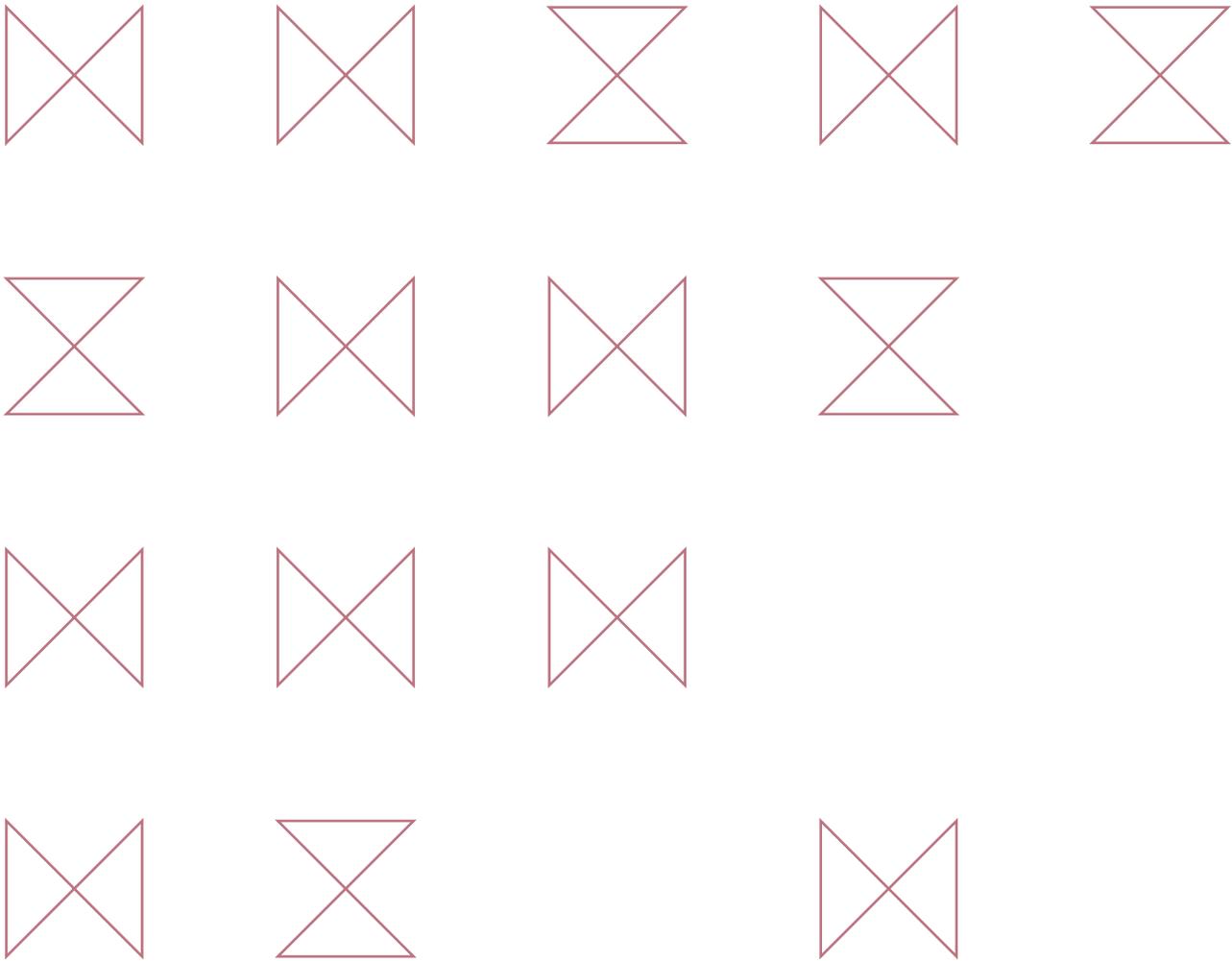
For More Information Related to this Topic See:

- What are the different ways I can expand my business? 14. *Growth and Expansion*
- Can I expand my business by franchising? 14. *Growth and Expansion*
- How do I get new ideas to innovate and expand what my company offers in products or services to grow my business? 14. *Growth and Expansion*
- How and why should I treat competitors ethically? 13. *Business Ethics*
- How can I increase my customer's satisfaction through effectively managing my operations? 5. *Operation and Project Management*
- How can I use outstanding customer service to create a competitive advantage? 7. *Sales and Customer Service*

Additional Tools Available

Competitive Analysis Worksheet

Market Research Worksheet



17.
**What leadership qualities
do I need to focus on during
my company's expansion?**

The Basics

Most entrepreneurs who have built large successful businesses will admit that growth is uncomfortable and sometimes even painful. Keep in mind that growth can also be a time of learning and excitement. As you effectively grow in being a leader, you will soon develop confidence and a comfort level in facing the demands of an expanded role in your expanding company.

It is great to have a goal to grow your business, but you need to be able to share the goal of growth by effectively communicating it to your team. They will be spending their time and effort achieving this goal, so it is important that they understand what you want to accomplish and that they are excited along with you. Help your team work towards your goal of growth by being clear, honest and concise in your communication in the written and verbal form. Clarity and openness will instill trust in you as a leader. A high amount of confidence is essential for your employees to support your goal of growth. Especially in times of difficulty and uncertainty, confidence is the fuel that can help a business pull through together.

Another critical leadership quality is effective delegation, trusting key members of your team to each play their part to help grow your business. Trusting the employees to whom you have delegated roles and responsibilities will not only help them grow as leaders themselves, but it will set the stage for even further growth for your business. Growing businesses require ever-larger workforces, so by developing a capable and confident team, you are doing the most effective thing you can to enable future growth.

Tell Me More

Leading your company through growth will require specialized leadership qualities such as:

A positive attitude and the ability to celebrate.

No one is productive when the attitude in a workplace is one of pessimism and gloom. A positive attitude does not just stop at you; you must help your workforce have a good attitude as well. Part of spreading positivity outwardly in your workforce is to take an active interest in your employees at work. Make sure your employees are being treated fairly.

Think about recognizing their excellence in other ways than just with money, for instance, a day off, a picnic outside the city, ticket to a concert, a discount to a local gym, or tickets to the Afghan Premier League or other sporting events. a—these are the kind of things that make a company's environment more positive and therefore, stronger.

Celebrate company successes, and/or team successes. When a new product is launched successfully, a new location opened, or another key milestone achieved, share the success with the entire team. Having fun is a great way to ensure the company keeps a positive attitude, and focuses on success.

Vision and purpose

As your business grows, you need to be able to be specific about your vision of the future of your company. Although financial goals are of course extremely important, direction is not limited just to money matters. It also includes having a clear idea about the customers you serve and to be able to say your vision in a way which is measurable, inspiring and achievable.

Coordination and collaboration

As your organization grows, groups might develop within your business which could lead to inefficiencies, miscommunication and loss of trust. These could be formal groups or groups that develop more informally. For instance, in Laila's food processing plant, the managers for four out of the five main departments always go to lunch together. These four women have known each other for years and are friendly. While at lunch, it is natural that they chat about the work going on in the plant and often come up with solutions to issues over their lunch break. The manager of the fifth major department is new to the company and doesn't know the other four managers very well yet. She is left out of the lunches so she isn't involved in the informal problem solving that sometimes happens. She not only feels left out, but her department isn't as represented in the decisions being made. After a few incidents where the fifth manager complained, Laila was able to step in and talk to the other four managers to explain what was happening. They never meant to leave the new woman out and started inviting her to lunch with them.

If you see situations like this happening in your company, you should focus on coordinating between various personalities, expertise and management levels to build stronger relationships and connect all of the parts of your business, minimizing the feeling of internal conflicts that may result from those problematic pockets. Problems like this are often minimized when all of the employees know what their role in the business is, and how it interacts with other parts of the business.

As your company grows, create more opportunities for collaboration within your company and also between your company's external relationships such as customers, suppliers, business advisors, etc. You might consider holding an occasional strategy meeting, off-site retreat, or even a holiday party to give your staff opportunities to communicate with each other. To connect with your external stakeholders, you may hold an "open house" event where people can learn more about your business or you may consider participating in a trade show or attending a business association meeting. Focus your energies outside your company by effectively networking with the business community, building strong relationships which might help you to discover opportunities, source resources, and get that all-important foot-in-the-door with potential customers, clients and future opportunities.

Motivation and people skills

As a leader driving your company's growth, you need to be able to motivate and inspire the whole organization. As the business grows, you may need to implement some changes which the team may struggle to embrace. If you keep them motivated and continually communicate the overall company goals, you will find that you achieve success quicker. Wherever possible, connect individual or team goals to the overall vision for the company; this makes it real for them. For example, Stoorai owns a company that sets up computer systems and networks for small businesses. Her goal is to have 100% customer satisfaction so that she wins repeat business from every customer. To do this, she insists that her staff are responsive to customer needs in a quick and professional manner. When she works with the department that handles phone sales and service, she ties her overall vision to the goal of answering the phone within 4 rings, never leaving a customer on hold longer than 2 minutes, and having every phone agent ask the customer "Have I solved all of your issues today?" before hanging up. The staff in this department understand exactly what they must do to contribute to the company's overall commitment to customer satisfaction.

One of the biggest challenges you may find when moving into a growth leadership role is having other people perform the activities that you originally took on. As your business grows, you need to be able to step away and let your team take responsibility.

Integrity

As a leader, it is important to be honest and have good ethics. You are leading the organization and everyone will follow your lead. If you keep your behavior honest and ethical, then your team will follow do the same.

If a problem arises, your team will come to you. You need to be able to problem solve and support them as required. This may also involve sometimes having to manage conflict. A successful leader always sets a good example. If you are fair and support others, you will be able to develop a positive culture.

Glossary Terms from this Section

Delegating - Trusting someone else to do something for you.

Entrepreneur - A person who organizes and operates a business or businesses, taking on risks in order to do so.

Ethics - Process of making decisions about what is right for you, your company and your employees based on the values you and your business want to represent; Recognizing how your actions might help or hurt others.

Goal - An observable and measurable end result with one or more objectives to be achieved within a timeframe.

Leader - A person who holds a superior position within an organization and is able to exercise a high degree of command or influence over others.

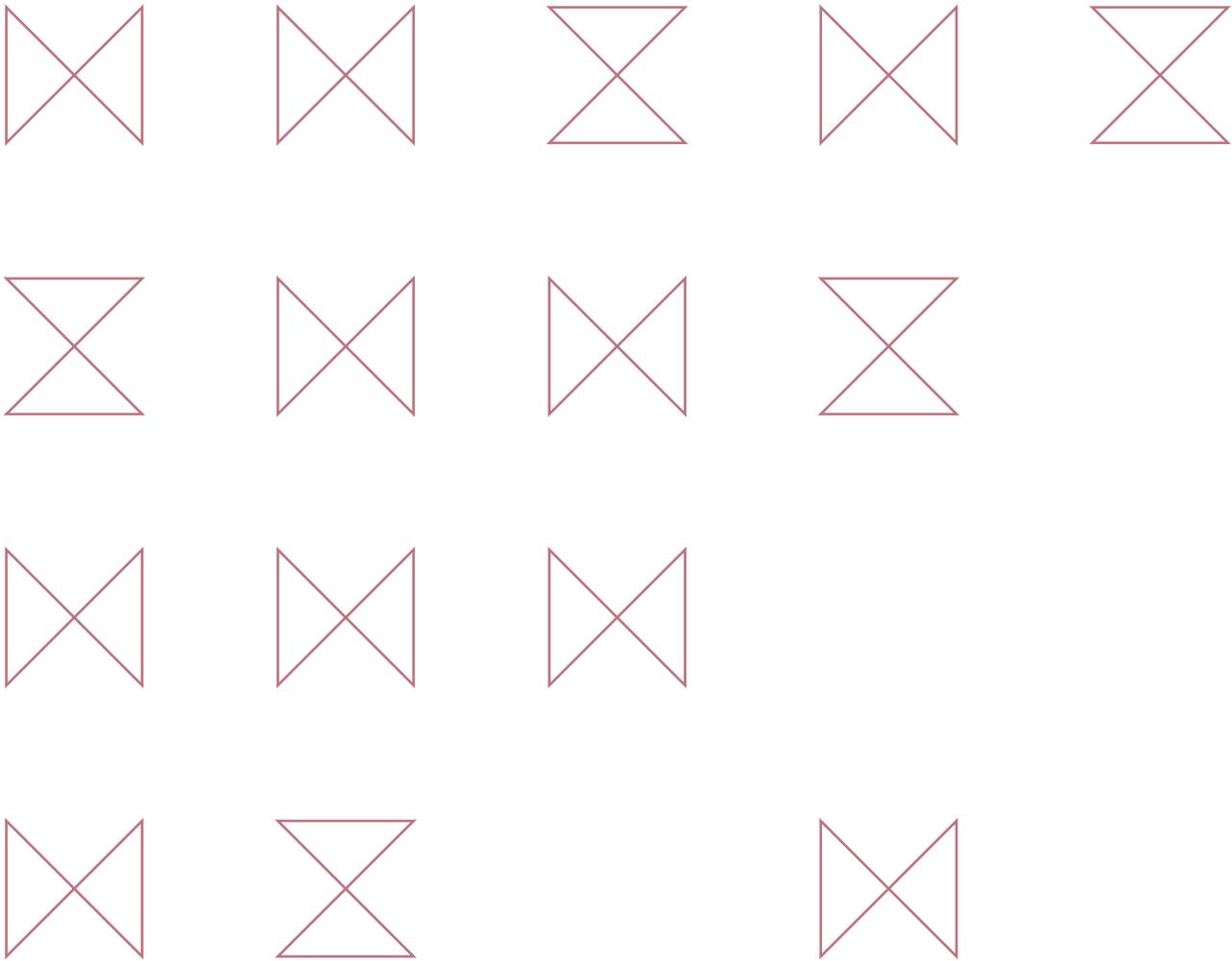
Networking - Sharing information and ideas with individuals or groups that have a common interest.

Suppliers - A person or organization that provides something needed such as a product or service.

Vision - A hopeful description of what an individual or organization would like to achieve or accomplish in the mid or long-term future.

For More Information Related to this Topic See:

- What are the different ways I can expand my business? 14. *Growth and Expansion*
- How do I train talent to grow my business? 14. *Growth and Expansion*
- How do I maintain an innovative spirit and mindset as the company grows? 14. *Growth and Expansion*
- How do I set strategy and goals to grow my business? 14. *Growth and Expansion*
- What characteristics do good leaders have? 4. *Leaderships*
- What are some communications best practices for leaders? 4. *Leaderships*
- How can I change my organizations? 4. *Leaderships*



18. What are the different ways I can expand my business?

The Basics

There are several ways to expand your business, such as...

Adding new products and services and selling them to existing customers

In some cases, you may find that your customers are satisfied with your product or service, but they may wish for you and your company to provide different products or services. Let us consider an example of a company which provides commercial overnight daily cleaning services that their business customers are very satisfied with. These customers already trust your company in their business, so they may also like your company to provide external window washing, upholstery cleaning or air duct cleaning. In this case, the additional service is related to the service of your business – you already have cleaning staff in their property and you already have the keys to their business. Offering specialty cleaning services is a logical way to expand your business and build on the trust your customers have in you.

Finding new kinds of customers and sell them products and services you are currently offering

When you started your business, your success may have been due to identifying a small group of customers and doing a good job of reaching out to them to buy your products or services. For example, if you have a business training other company's employees to use computers to do their jobs. After years of building a good team of computer instructors, you see that there is an unmet need among a large market composed of schools who want to teach their students how to use the most popular business software programs. It would not take a big investment for you to serve these new kinds of customers with your existing computer trainers, using the same training materials and techniques.

Finding new geographic areas to offer the products and services you are currently offering

Another way to expand your business is by adding new locations. If you find that your business is doing well in one location, you may expand your business by adding locations that are similar. The important thing to keep in mind is to maintain enough separation between locations so that each new location serves a market that could not be served by an existing location. You do not want a new location to “steal” business from an existing location; you want each new location to serve a new market.

Tell Me More

When you first started your business, you probably did a lot of research. You may have sought help from advisors; you may have gotten information from discussions with fellow business owners, market research and other readily available sources. You invested a lot in terms of money, time and sweat to get your business off the ground. You should do the same thing when planning to expand your business. Talk to colleagues and other businesses in your area. Think about what the benefits and problems with each option for growth are.

Here are some ways that businesses grow, that you might want to think about for your own business:

Franchise

Give other successful business owners the right to operate a version of your business in a different area as a franchised operation. By providing the methods, systems, marketing and processes that you have successfully developed to other business owners, it will allow them to benefit from these in setting up a new location. This means that you will receive financial benefit from the new operation without having to come up with a lot of capital for expansion, since that is the responsibility of the franchisee who you have given the rights to set up the new location. Fakhria owns a successful yoga studio on Kabul. Her friend lives in Herat and thinks a yoga studio there would be very successful but doesn't know how to start. Fakhria can let her friend become a franchise of her studio by sharing the same name, class schedules, design, marketing, music, style of equipment,

and employee training materials. Her friend will take on all the costs of renting the new space, setting up and operating the new Herat yoga studio and will pay Fakhria a monthly fee for the right to use all her intellectual property. In this way, Fakhria is benefiting from the franchise expansion but doesn't have all the costs of set up and operation of the new studio.

Expand or add more options to existing products or services

Once you have a good set of existing customers who are coming back to you for repeat business, you may want to expand your business by developing new and different versions of your current products and selling them to your existing customers. Since they are already doing business with you, it is easier to get them to look at and try your new product or service offerings. Fakhria decided to expand her yoga studio by selling her customers yoga mats, exercise clothing, scented candles, and even jewelry. Since they visit her studio every week for class, Fakhria knows that they must now walk through her store area too.

Expand into different market locations

If you have successfully opened in one location, you may expand by opening a new location to serve a different geographic market and customers. It is important to research the customer profile in the new location to make sure it is similar to your original location. Another consideration is to make sure the new location does not simply steal customers from your original location. You want the new location to provide you with new customers in order to support the expansion of your business. Kabul is a big city and Fakhria saw the potential for having several yoga studios in different neighborhoods. She made sure to choose areas where she knew that people had the money to afford to pay for yoga classes, but she selected areas that were far enough from each other so that she's be attracting entirely different sets of people.

Adopt e-commerce

Just as the internet has made global expansion possible, so has the internet made it more practical to adopt e-commerce as a method of expanding your business. The time needed and the cost to build an e-commerce capability is relatively low. E-commerce requires some specialized marketing expertise and a commitment to providing around the clock customer support and technology maintenance. Fakhria saw that her line of scented candles was extremely popular. She was able to create a small online Facebook shop along with a brand new website and then linked it to her yoga website. Now she sells her candles all over the country.

Expand to other countries

Though it is usually a big step, with the convenience of online commerce programs, it is possible to sell products or services across the border or across the world. Depending upon your type of product or service, you may need to find a suitable partner in countries you wish to sell in. This will mean that you devote a substantial amount of time and energy to make the global expansion successful. Fakhria found local companies in India and Pakistan to carry inventory of her candles and ship them out to local buyers. She now advertises on her website that her candles are available in all three countries.

Glossary Terms from this Section

Franchising - Giving other people permission to operate your business in different locations and, in some cases, other countries.

Marketing - The process of reaching your customers and showing them why they should buy your product or service.

Training - A very broad word that includes many types of learning opportunities that can be offered to employees. Often training can be described best as a program that will help an employee learn specific knowledge or methods that can help them perform well in their jobs.

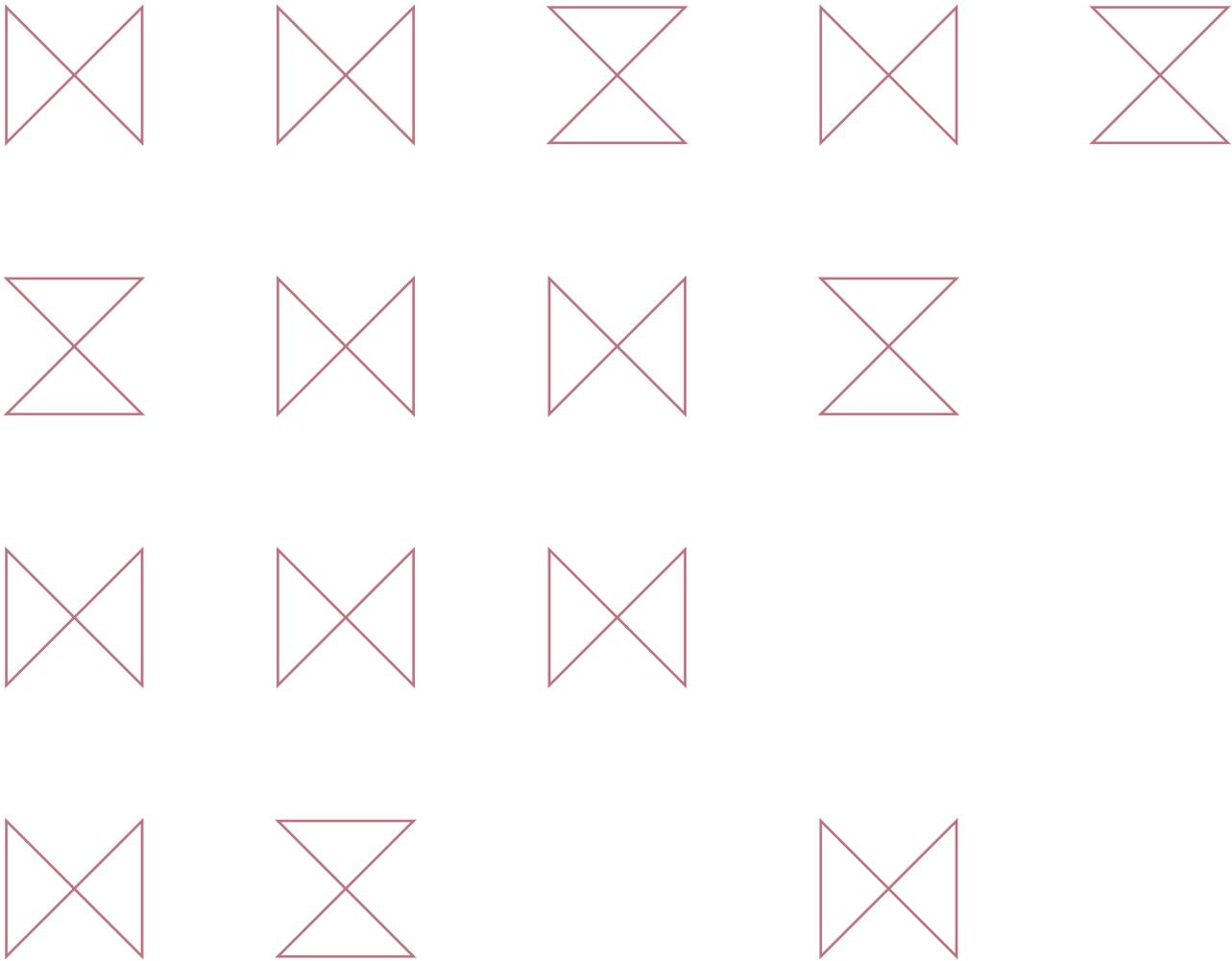
For More Information Related to this Topic See:

- What are the steps to work with other companies locally and internationally to expand my business?
14. Growth and Expansion
- Can I expand my business by franchising? *14. Growth and Expansion*
- What kinds of financial reports or plans should I use as I consider expanding my business?
14. Growth and Expansion
- How do I find space to expand my business? *14. Growth and Expansion*
- How do I know if I need capital and how much will I need? *3. Access to Finance*

Additional Tools Available

Roadmap for International Growth and Expansion

Competitive Analysis Worksheet



19.

Can I expand my business by franchising?

The Basics

Franchising is a way to expand your business by giving other people permission to operate your business in different locations and, in some cases, other countries. The key ingredient in being able to use franchising to expand your business is that other people can be trained and will be able to learn how to operate your business.

When you franchise your business to others, you will create revenue when you sell the right to another person to use your business methods, business name and marketing materials. Usually, you will franchise out your business for a specific number of years and for a specific location.

There are usually two forms of revenue paid to you for franchising your business:

- An acquisition fee that is paid at the beginning of the relationship with the other party that is going to open and operate the business based on your business as a model.
- A royalty that is a payment to you based on the sales made by the other party using your business model. This royalty is usually a percentage of sales but sometimes it can be a fixed amount for each item sold.

Tell Me More

One of the key considerations when you are thinking about expansion using the franchise approach is, because you are not going to be directly involved in producing the product or service, you may lose direct control over the quality and consistency of your product or service.

Since this other person or business is using the name and reputation of the business you created, you have a lot at risk if that other person is not maintaining your standards for quality and consistency.

Another consideration in franchising is that your role and the role of your business will now include training education, new product development, innovation and marketing not only for your personal company, but now for other people or businesses that have acquired franchising rights for your business.

What are the roles and responsibilities of a franchisor?

If you are giving other people or businesses the right to use your business model, you are considered as the “franchisor” and you will be expected to fulfill these roles and responsibilities...

You will be expected to create and develop successful products or services that can be duplicated by other people or businesses (called “franchisees”) and to be continuously innovative in developing additional products and services.

If your business model requires the franchisee to have a business location, you may also be expected to assist in the selection of a good location and to assist in setting up the location with the right equipment supplies and marketing materials.

When a franchisee opens their business using your business model, you will be expected to train and educate the franchisee about how to operate the business and educate the franchisee’s initial employees. It is also expected that you provide continued training and education for the franchisee and employees, especially when you are introducing new products or services.

The franchisor is also responsible for overall marketing and branding, including the development of ad campaigns, social media, website design/content, signage, the overall appearance, representation and presentation of the products/services, as well as the image of the business along with the business model.

The franchisee will rely upon you as the franchisor to develop methods and processes used in the business and to train and educate the franchisee and their employees in these methods. There is also an expectation for the franchisor to be continually improving and generating new methods and processes.

What are the roles and responsibilities of a franchisee?

Franchisees are expected to closely follow the methods developed by the franchisor and to maintain consistency and quality when producing the franchise products or services. When there are multiple franchisees, it is important to emphasize that the quality of one franchisee is critical to all franchisees. The franchisees must consider themselves as a network of quality-minded business operators whose overall success is dependent on how well each of them maintains the quality and consistency of the franchise products and services.

You should also make clear to your franchisees that an important role and responsibility is to promptly and accurately send reports and measurements for their operation. These records are necessary not only to ensure that you are receiving the right amounts of royalty revenue, but also so you can see information about operations and identify problem areas that need improvement. Operational information is collected from all franchisees regularly and shared among them so that each franchisee can see how they are doing compared to others in the franchise network.

Glossary Terms from this Section

Acquisition Fee - A payment for the purchase of property (tangible and intangible) for a franchising agreement.

Franchising - Giving other people permission to operate your business in different locations and, in some cases, other countries.

Marketing - The process of reaching your customers and showing them why they should buy your product or service.

Revenue - Money coming into the business usually from the sale of goods or services.

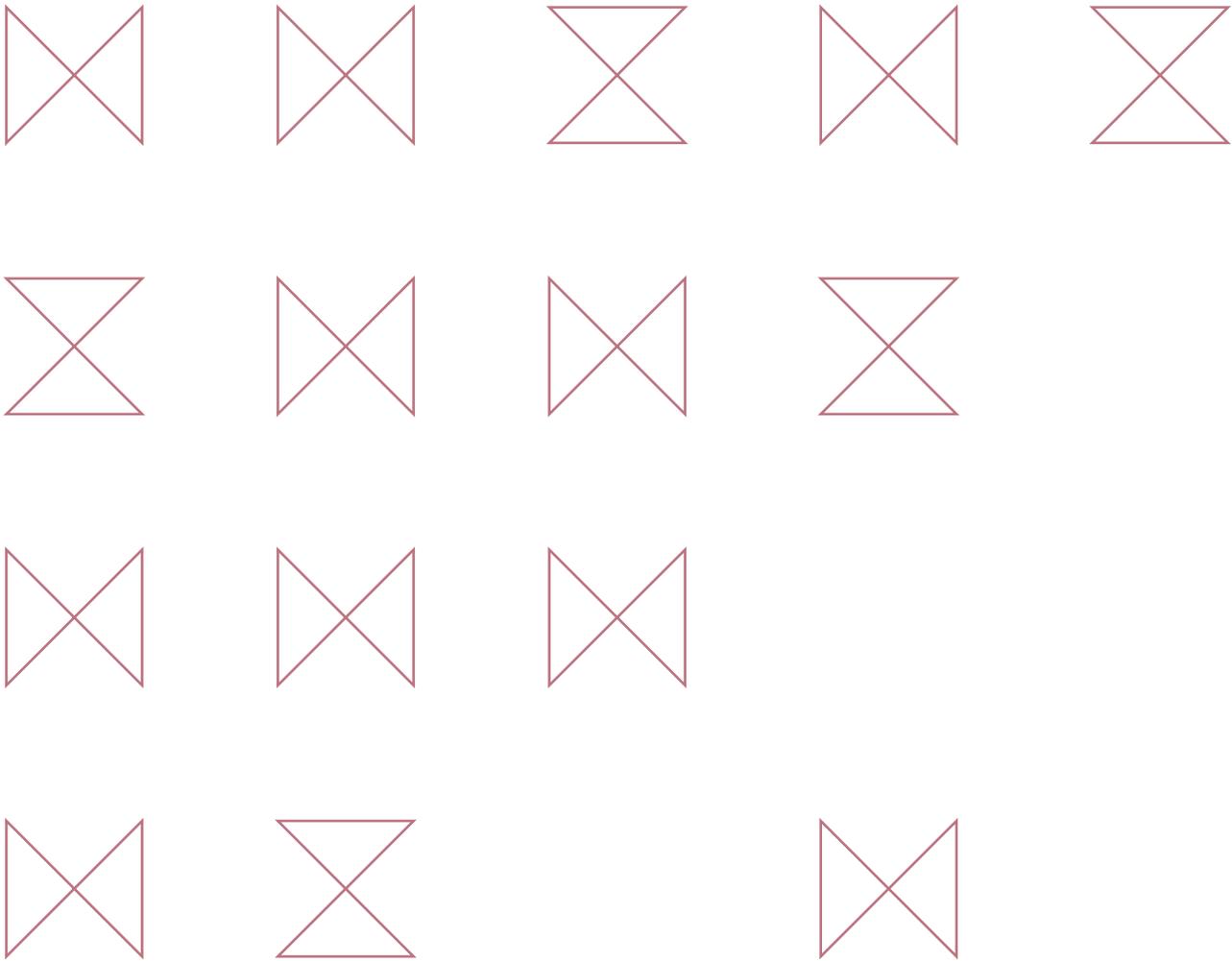
Risk - Taking a chance when you do not know how things will turn out.

Royalty - A payment to you based on the sales made by the other party using your business model.

Training - A very broad word that includes many types of learning opportunities that can be offered to employees. Often training can be described best as a program that will help an employee learn specific knowledge or methods that can help them perform well in their jobs.

? For More Information Related to this Topic See:

- How do I set strategy and goals to grow my business? 14. *Growth and Expansion*
- What are the different ways I can expand my business? 14. *Growth and Expansion*
- What kind of financial reports or plans should I use as I consider expanding my business? 14. *Growth and Expansion*
- What is consistency and predictability in operations and why are they important? 14. *Operation and Project Management*



20.

What kinds of financial reports or plans should I use as I consider expanding my business?

The Basics

There is no set menu of financial reports to use in considering expanding your business, but here are some that you may wish to consider.

When producing your product or delivering your service, you may look at how long it is taking to fill an order for a customer. If it is been taking increasingly more time to meet your customers' delivery expectations that may be an indication that it is time to expand so you can improve delivery schedules and increase customer service.

You may also wish to evaluate the location of where your sales are coming from; if you see a lot of sales activity from a far-away location, this might be a sign that it is time to add a location closer to where your sales are coming from.

Though this is not a financial report, you may gain useful information about expansion plans of your customers by maintaining regular contact with your sales and marketing team. If they hear about one of your major customers opening in a new location, it may also be a reason for you to expand to more efficiently meet your customers' needs in their new location.

Tell Me More

Expanding your business will require that you do a lot of homework and planning. Here are some financial reports and planning suggestions.

Expansion Cost Forecast Report

In order to determine how much capital you will need to expand, you must forecast the costs. For a retail expansion, for example, you will need estimates for leasing space, building out your location, hiring staff, and procuring additional inventory.

The good news is this is not your first time you have had to forecast costs and since you already have the experience of launching your first location, it will likely be much easier to forecast costs the second time around.

Use past balance sheets and revenue statements from your existing location to forecast how the first several months of operating your new location will likely play out financially. Keep in mind that expanding your business is not always as straightforward as your existing model, so be sure to account for any hidden costs that could be associated with your expansion.

Once you have completed your forecast, it will be easier to determine the funding amount you will be applying for and you will be better prepared to demonstrate to a lender or investor how you plan to make good on their contribution.

Shore Up Your Business and Personal Credit Reputation

As a business owner, you should always be working to keep all your financial reputation in top shape by consistently making payments on time, every time--both in your personal life and in your business. Particularly if you plan to finance your expansion through a business loan, make sure that you have a good reputation with your current creditors.

Determine Your Best Financing Sources

Your options for financing as you expand your business are likely more than when you first started your business.

Depending on the size of your business and the scope of your expansion plans, you may work with a private investor to finance your expansion. These kinds of investors can be highly beneficial to growing small businesses because they offer insights and experience about expanding your business that you would not have on your own.

You may be able to fund your expansion through a small business loan from a bank or financial institution.

Projected Sales

One of the essential reports you must create when considering an expansion is the sales increase you can realistically expect. In some instances, expanding to meet increased demand can cost more than the increase in revenue. To effectively calculate whether or not an expansion makes sense, calculate optimistic and conservative sales and revenue projections so you can perform your other analyses against these numbers.

Expansion Cost

Some expansions include one-time purchases, such as new machinery or another location, or short-term expenses, such as a marketing campaign or staff recruitment and training. Calculate the initial costs of an expansion, which do not include ongoing operating costs, to help determine when you will break even and start making a profit.

Operating Costs

Calculate your increased operating costs after an expansion starts. This might include more staff and supplies, increased rent and utilities and machinery or equipment maintenance. Determine your numbers for production and overhead costs. Once you know these figures, determine your potential profit and compare it to the overall costs you determined were necessary for expansion. If the result is that there is no reasonable chance of making a profit from expanding your business, you will likely abandon the idea or make significant changes to your approach. If the result shows a small profit but it will take many years to overcome the costs for the expansion, you may also wish to reconsider the approach or abandon the idea to expand.

Glossary Terms from this Section

Balance Sheet - A financial document that shows how much you have in your business and how much you owe at a given time.

Capital - The money needed to start and operate a business.

Cost - The price paid to acquire something you want/need.

Customer Service - All the activities carried out to satisfy customers expectations before, during and after a purchase.

Investors - A person or organization that provides money or resources to another person or business with the goal of participating in the success of the person or organization where they are an investor.

Operating Costs (OPEX) - The day-to-day ongoing expenses of running your business.

Profit – Any positive amount of money left over after subtracting expenses from revenue (income).

Marketing – The process of reaching your customers and showing them why they should buy your product or service.

Revenue – Money coming into the business usually from the sale of goods or services.

For More Information Related to this Topic See:

- How do I know when to expand my business? 14. *Growth and Expansion*
- How do I gain money and resources needed to expand my business? 14. *Growth and Expansion*
- What are the different ways I can expand my business? 14. *Growth and Expansion*
- How do I know if I need capital and how much will I need? 3. *Access to Finance*
- What does the bank look at when deciding to make a loan? 3. *Access to Finance*
- What are financial statements and why do I need to use them? 12. *Financial Management*
- Where can I get help to create and maintain my financial statements? 12. *Financial Management*

Additional Tools Available

Growth Action Plan

Business Records Worksheet

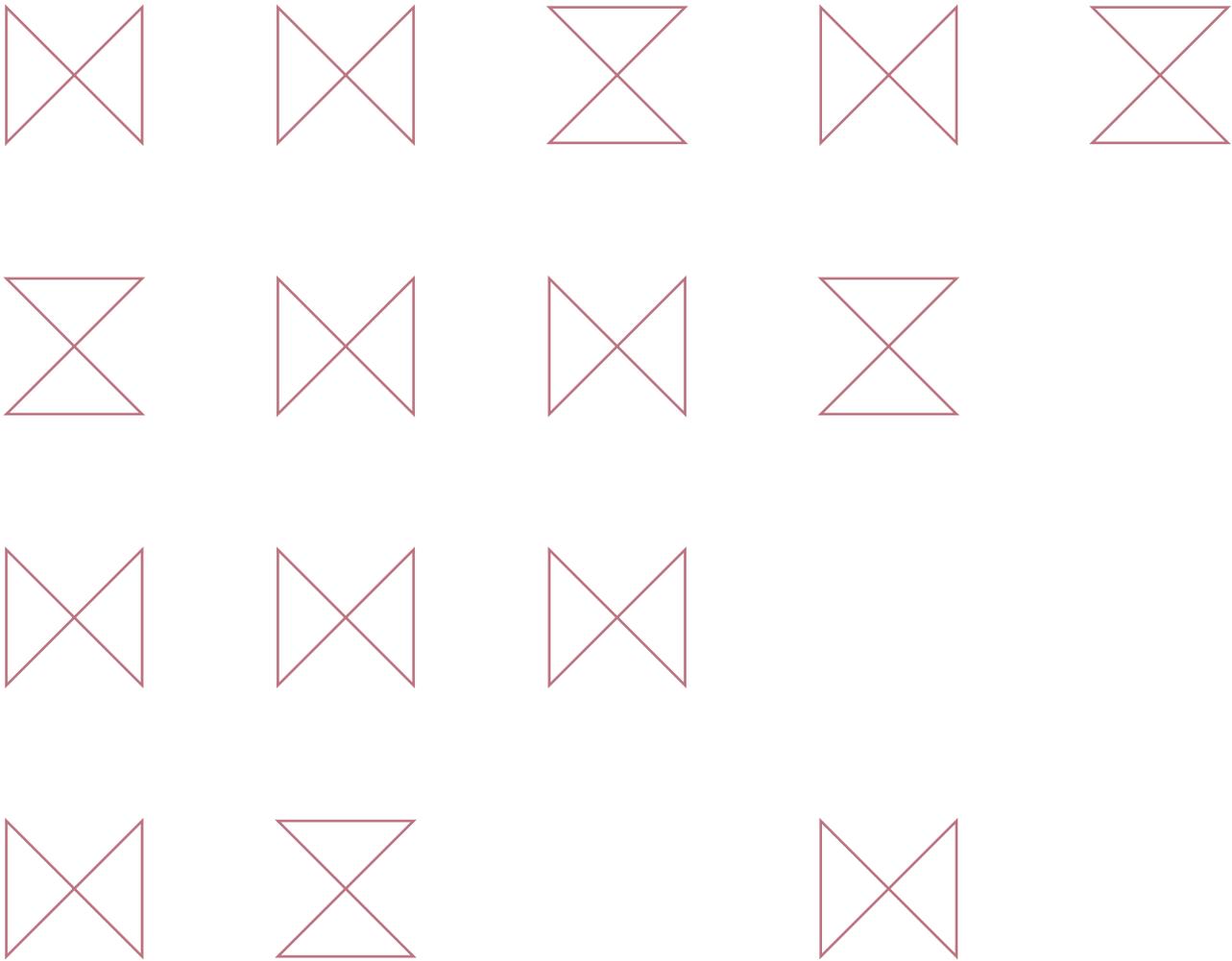
Business Plan Outline

Startup Costs and Growth Capital Worksheet

Break Even Analysis Worksheet

Cash Flow Statement

Income Statement



Tools