

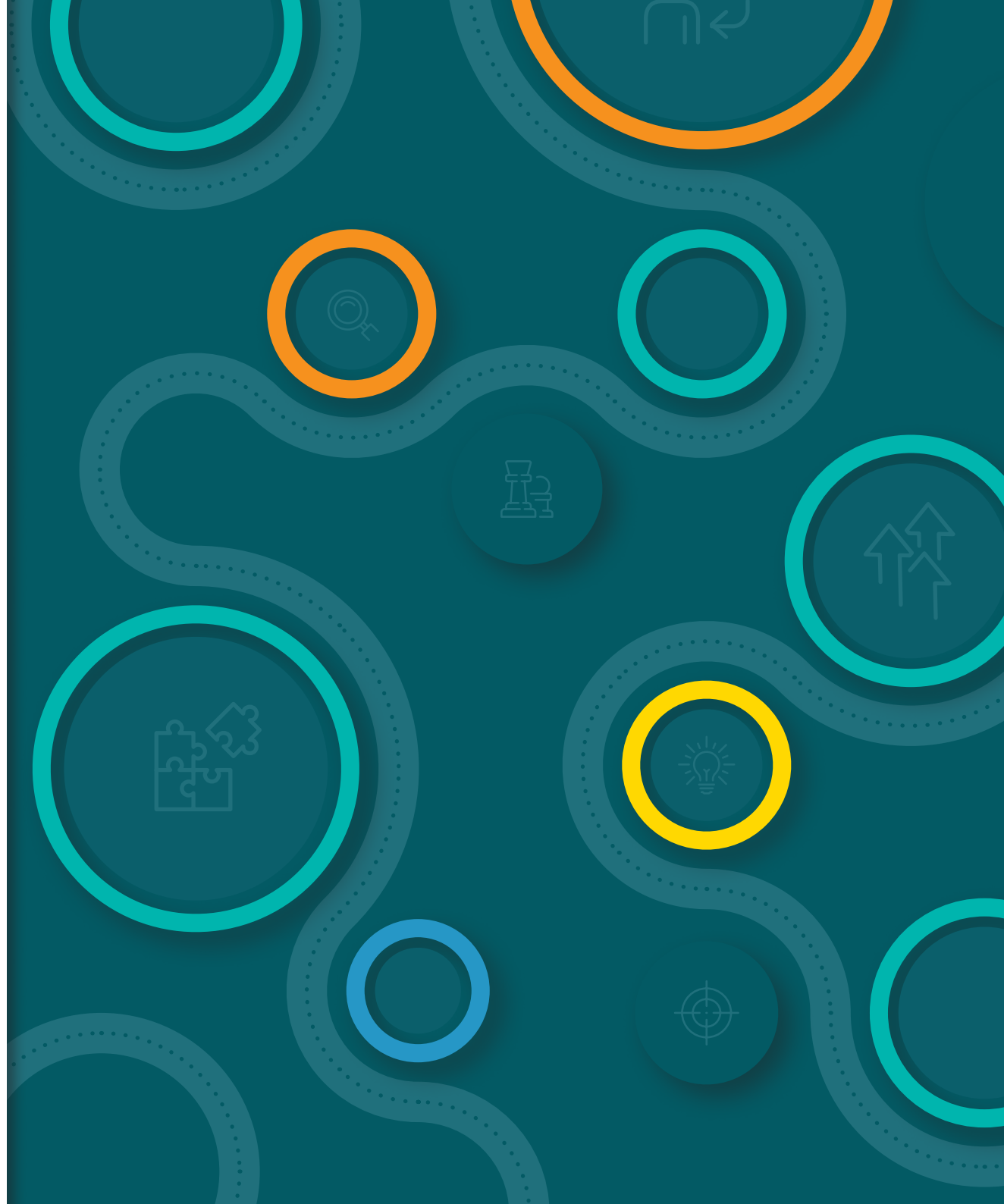
The Macalvins Pathways

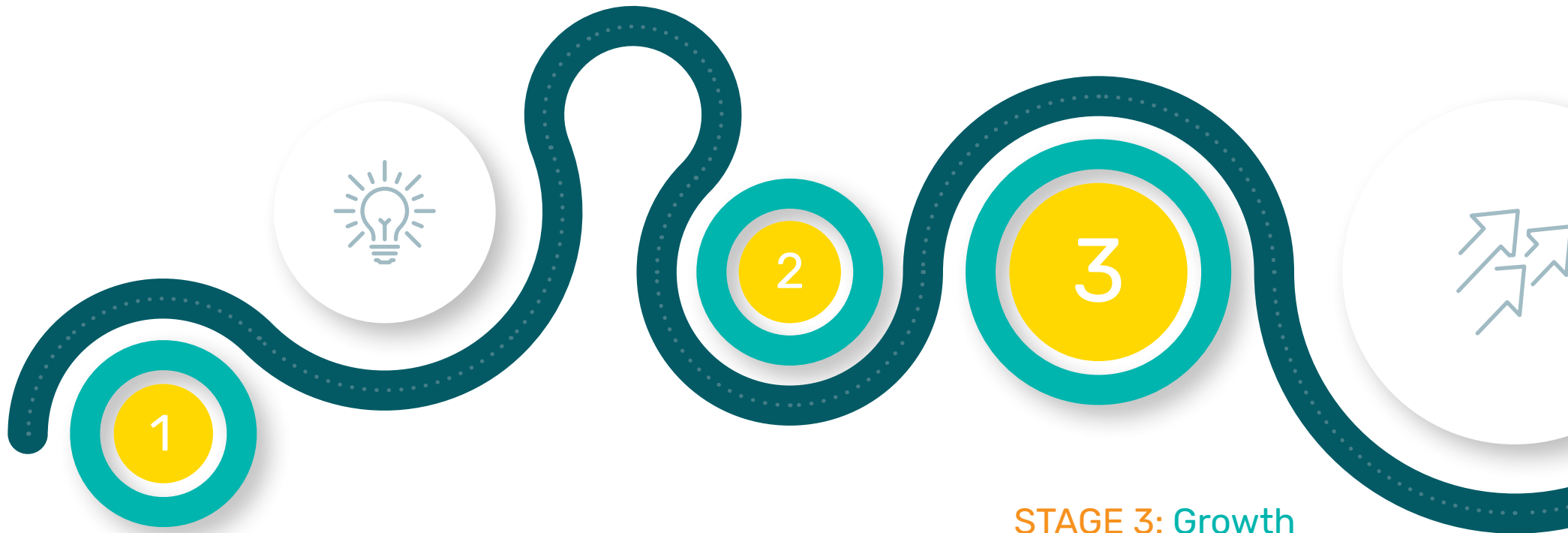
"The Business"

From the moment you start your business you're on the business wealth pathway. This will see your journey from a start, through to the growth and mature phases.

Along the way you will have a unique set of financial obstacles to deal with and overcome. You will have to be flexible in your thinking and adapt your strategy as you move along.

macalvins





STAGE 1: Seed and Development

For your business this is the very beginning of the business lifecycle, before your start-up is even officially in existence. You've got your business idea and you are ready to take the plunge. But first you must assess just how viable your start-up is likely to be.

At this stage, you take advice on developing a business plan and business funding. Ultimately the success of your business will come down to many factors – including your own abilities, the readiness of the market you wish to enter and, of course, the financial foundation in place.

STAGE 2: Business Start-up

Many believe this is the riskiest stage of the entire business lifecycle. In fact, it is believed that mistakes made at this stage impact the company years down the line, and are the primary reason why 25% of start-ups do not reach their fifth birthday.

Adaptability is key here, and much of your time in this stage will be spent tweaking your products or services based on the initial feedback of your first customers. The right accounting software and help with financial reports will help you to understand your costs, sales and with the help of business advisory services ensure that your cash flow position stays stable.

STAGE 3: Growth and Establishment

For your business, cash flow should start to improve as recurring revenues help to cover ongoing expenses, and you should be looking forward to seeing your profits improve slowly and steadily.

The biggest challenge for entrepreneurs in this stage is dividing time between a whole new range of demands requiring your attention – managing increasing levels of revenue, attending to customers, dealing with the competition, accommodating an expanding workforce, etc.

Hiring smart business advisors with the right skill sets is necessary to make the most of your company's potential during this phase.



4

STAGE 4: Expansion

Businesses in this stage often see rapid growth in both revenue and cash flow as the blueprint has now been established, but be warned about getting too comfortable. In business, if you are not moving forward you are moving backwards, and without a constant, almost nervous itch or desire to expand, complacency can set in, and you might get caught off guard.

Look at your resources, be realistic about the effort and cost and potential returns, and always keep an expert eye on how expansion might impact the current quality of service you provide your existing customers.

5

STAGE 5: Maturity and Possible Exit

Having navigated the expansion stage of the business lifecycle successfully, your company should now be seeing stable profits year-on-year. While some companies continue to grow the top line at a decent pace, others struggle to enjoy those same high growth rates.

It could be said that entrepreneurs here are faced with two choices: push for further expansion, or exit the business.

Many at this stage also look to move on through a sale. This could be succession planning or a partial or full sale, and of course depending on the company type (for example, public or private), the negotiation may be a whole new journey in itself.



NAVIGATING THE LIFECYCLE

Not everyone will experience every stage of the lifecycle, and those that do may not necessarily experience them in chronological order. For example, some business owners may see astronomical growth right after start-up, and the founders may decide to cash out right away, jumping straight to that “exit” stage.

For many, though, there will be some sort of resemblance to the stages defined above, and awareness may help you anticipate what is coming next and how you can best prepare yourself. Making the right decisions at each stage is another thing altogether, however, and that will require your usual mix of gut instinct and practical sense.

Contact us today to receive specialist help and advice at every stage.

+44 (0)20 8863 1234

macalvins.com