

Seven characteristics of fast-growth businesses

13 May 2014 by [John Holden](#).

As the outlook for the economy continues to look brighter small businesses are allowing themselves to feel more optimistic about the future.



In fact, the Federation of Small Businesses (FSB) reports that almost two thirds of its members expect to grow in the next 12 months, and one in four plan to increase the amount they invest in their business.

So with these good intentions in place, and a new financial year ahead of us, what marks out the business that is able to make the move from start-up to fast growth company?

Former 3i Director John Holden of [Tinderbox Working Capital](#) has worked with 100's of successful businesses, he's identified seven core characteristics that are demonstrated by fast growth businesses.

1. Understanding the market: Growth businesses understand in depth what their customers want and need, sometimes before the market does itself. They will find a way to differentiate themselves from the competition, either by identifying a new or improved product or service, or by adding exceptional value to an existing product or service.

There is certainly no set formula for achieving this, a flash of inspiration backed up by robust research and an understanding of what drives your target market is at the heart of most great ideas that succeed.

Of further benefit is being able to identify and then utilise a route to market. Being unable to reach customers is a common stumbling block particularly for smaller companies who wish to target much larger organisations.

2. "It takes a long time to be an overnight success": Leaders of successful business often already have some previous success under their belt. The experience accumulated during past endeavours

equips you with the skills and knowhow to more easily navigate common pitfalls as well as recognise opportunities. Also the longer you've been in business the more likely you are to have gathered together a team of trusted colleagues and advisors.

3. Keep a handle on cash: Cash flow, or lack of it, can be the biggest flash point for businesses. Not being able to access the right level of finance at the right time can hamper growth, or worse. Unfortunately many businesses still assume that their only option is going cap in hand to the bank or investors. However, these days there are a number of alternative finance options and ways to fund growth, so make sure you explore the market fully rather than miss out. Be open to innovative new products to help ease cash-flow problems and fund faster growth.

4. Be ready to grow: It's not just access to capital that can hamper growth. Not having the right people, with the right skills, or even the physical space you need to grow the business can also be a barrier. It's not always possible to pre-empt exactly when the opportunity for growth will arise so putting in place a scalable business model will enable you to move quickly when the time is right.

5. Know your strengths – and weaknesses: Start-ups tend to be pretty lean organisations, often with one or two key people taking on the majority of tasks. Entrepreneurs are adept at turning their hand to whatever task is necessary but as a business begins to grow that soon becomes impractical and can also hamper progress. A successful business will try to have the right balance of skills and expertise within its workforce to support growth and a savvy business leader will recognise when it's time to hand over the reins in certain areas.

6. Keep on moving: Successful businesses keep moving forward. It's easy to get stuck in start-up mode and not take the leap to the next level. Flexibility is also key, sometimes a change in direction or adjustment to the way the business operates will help push you in the right direction.

7. Be willing to take a risk: The most successful entrepreneurs and the leaders of growth businesses are willing to take calculated risks. Failure to take calculated risk can be just as damaging as taking the wrong kind of risk. The key is to assess risk against opportunity and put in place a plan of action to get it right.

Each of these characteristics plays a vital role in enabling a business to make the leap from promising start-up to established and successful business.

John Holden is CEO of [Tinderbox Working Capital](#), providers of single invoice finance