

# LEADERSHIP PRIORITIES FOR YOUR GROWTH STAGE

Companies experience various growth stages, each of which introduce a unique set of challenges requiring different resources. From inception to maturity, business leaders' priorities for the company change throughout its lifecycle.

## 1 SEED & DEVELOPMENT

### BUSINESS LEADERS' NEEDS AT THIS STAGE INCLUDE:

**Gathering feedback** about business potential from family, friends, colleagues, and industry influencers.

**Matching the business opportunity** with skills and expertise, and developing a business plan accordingly.

**Choosing an ownership structure** for the business by evaluating the potential risks and liabilities of the product or service and company as a whole.

**Ensuring scalability** of the product or service by researching and developing a modular architecture for the business, in which the company can fluidly interchange or add components without impacting the rest of the structure.

**Seeking funding** from friends and family, seed-stage "super angels," startup incubators, micro-venture capital firms, a genesis venture capital round, business accelerator funding, and corporate seed funds for startups.

The seed and development stage is critical, and entrepreneurs must consider the feasibility of their businesses and evaluate if they are equipped to succeed.



**\$1.3BN**

in national funding went toward seed venture capital deals in 2014, up 49% from 2013.



**+23%**

the average amount invested for both seed and early state deals from 2014 to 2015.



**BALANCED TEAMS**

companies with one technical founder and one business founder raise 30% more money, have 2.9X more user growth, and are 19% less likely to scale prematurely than technical or business-heavy founding teams.

## 2 STARTUP

### BUSINESS LEADERS' NEEDS AT THIS STAGE INCLUDE:

**Securing investments** from outside sources to develop a sellable, scalable product or service.

**Enhancing strategic capabilities**, such as business or operations support systems, automation tools, system management, and commerce platforms.

**Building a small, scalable team** to assist with product, sales, and administrative operations.

**Applying marketing and sales strategies** focused on customer acquisition, tracking key metrics such as the number of customers and subscriptions per customers.

**Consulting mentor and investment connections** to assess the performance of the business and balance longer-term economics with short-term profitability.

The company's first phase of operation is its riskiest stage in its lifecycle, with its main goal being survival. At this point in the company lifespan, the owner is still responsible for most hands-on operations in the business.



**STARTUPS**

raise 7x more money and have 3.5x better user growth when they have helpful mentors, track performance metrics effectively, and learn from startup leaders.



Startups that haven't raised money often misinterpret their market as new and over-estimate their market size by

**100x**

## 3 GROWTH & ESTABLISHMENT

### BUSINESS LEADERS' NEEDS AT THIS STAGE INCLUDE:

**Seeking out strategic partnerships** to drive customer-base growth and strong renewal rates.

**Developing an agile budgeting and billing system** that accommodates pricing model changes.

**Enriching customer experience** by investing in product architecture, design, marketing, and user interface.

**Constructing sales compensation structure** to incentivize and retain top sales talent.

**Creating a long-term plan** for the business focused on customer retention and recurring revenues.

At the growth stage, the company has established customer and market demand, scaled customers and revenues, and assembled a team. The company must focus on retaining customers, driving growth, and creating a long-term plan for the business.



**40%**

of pure SaaS vendors revenue goes towards sales and marketing expenses, compared to traditional software vendors who spend 20-30% of revenue on these activities.



**75%**

the amount a company's profitability can be raised when even a 5% increase in customer retention occurs.

## 4 MATURITY

### BUSINESS LEADERS' NEEDS AT THIS STAGE INCLUDE:

**Re-evaluating the company's mission and vision** statements to ensure alignment with current direction and goals of the business.

**Investing heavily in innovation** while staffing top talent in sales force and marketing teams.

**Pursuing upselling and cross-selling opportunities** with existing customers to increase billings.

**Leveraging partnerships** to support market growth.

**Striving for expansion or selling** and exiting the business.

When businesses reach maturity they begin to thrive with a solid customer base and regular cash flow. The company's focus shifts to exploring upselling and cross-selling opportunities with existing customers.



**47%**

the estimated median sales growth for U.S.-based public emerging software companies in 2015.



**35%**

of Amazon's revenue came from selling more to existing customers.

Leaders must take on many roles in the beginning growth stages of the company lifecycle. As the company matures, leadership roles shift from hands-on responsibilities to overseeing business operations. To ensure success, it is important for leaders to understand each growth stage and prioritize responsibilities in-line with each turn of the business lifecycle.