

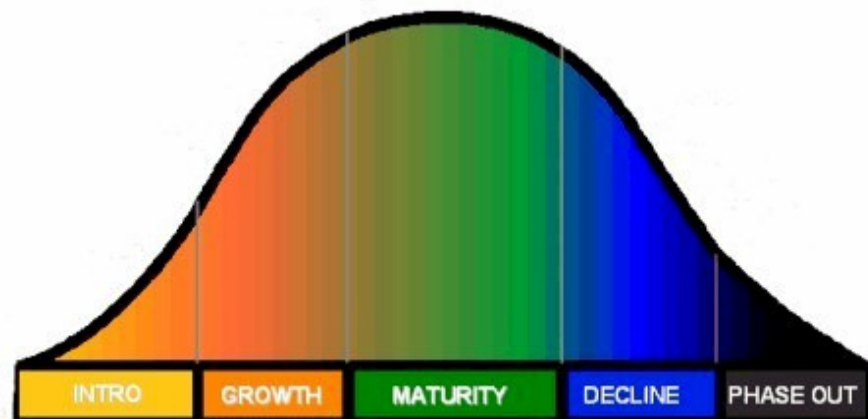
Cycling to Success

In 2004, when television "Troubleshooter" Sir John Harvey Jones warned a capacity audience at the University of Bath that British businesses need to innovate or they will die, he was perhaps stating the obvious. "Don't wait until trends are obvious," said Sir John. "Innovation requires the most up to date knowledge, so it's crucial to understand where the market for your product is going. You need to prepare now for an even tougher world ahead."

Have you started a business with a single product (or service skill) while expecting to conquer the more established competition? Have you changed anything or after the initial period, sales have reached a plateau.

You cannot defy the laws of nature!

The Product Life Cycle is based upon the biological life cycle. A seed is planted (**introduction**), it begins to sprout (**growth**); it shoots out leaves and puts down roots as it becomes an adult (**maturity**); after a period as an adult the plant begins to shrink and die out (**decline**).



Of course, the length (width) of each stage can vary enormously and there are many marketing initiatives that can be used to delay the inevitable.

So what is the answer? Is there an answer?

One way is to bring a new dimension to your business by seeking to establish a business relationship with other organisations that compliment yours and can bring value and additionality to both.

What is the word for 'the whole is greater than the sum of the parts'?

Synergy is the 'interaction or co-operation of two or more organisations, substances or other agents to produce a combined effect greater than the sum of their separate effects' (New Oxford Dictionary of English).

Finding synergy for your business will always depend largely upon joining the right networks and meeting the right people. You don't have to love your enemy but you may well be able to combine forces to beat off the larger and more diverse competition.

How to go about finding Synergy and are there any pitfalls?

Firstly and most importantly, **you** must have complete clarity in your vision of where the business is going. You do this by carrying out an objective assessment of what you and your existing team are capable of achieving in the immediate future. Then ... ask yourself, “what are we short of and then decide what you feel you need to make the best of the market opportunity.

Maybe your business is not growing as quickly as you would like or perhaps it needs a new product? If it's a skill shortage, then take steps to hire it.

If the best strategy is to develop a business arrangement with another organisation, start doing some research. Remember, Evolution is better than Revolution and you will be



looking for an “easy-fit” that meets those defined needs, precisely. All successful relationships are born from the **right personal chemistry, trust** and a recognition and appreciation on both sides, of what the **benefits** are going to be. Sit down and have a broad-based discussion and plan in as much detail as possible, the details of the arrangement and what the future costs or even the investment required is likely to be.

In many respects, the arrangement itself will follow the same product life cycle path. There will be a beginning, a middle and an end.

Sometimes it is appropriate to seek advice. An Accountant will primarily look at the most tax efficient vehicle for the enterprise but this may not always be the best route. When the time is right, a meeting with a Corporate Lawyer may help facilitate the thought-process and if it the arrangement leads to some form of partnership then the following 3 points will need to be considered:

- the basis upon which the business relationship is formed
- what each party is committing to do on an on-going basis; i.e. roles & responsibilities
- how will the ‘exit’ for whatever reason *e.g. retirement, sale of company or just a time to move on*, be managed?

Running a business is risky and few successful entrepreneurs do it alone. Don't be rushed into giving up equity in your business and if there is intellectual property involved, it is vital to engage professional advice at an early stage.

Recognising where your business is on the Product Life Cycle will enable you to determine the need for Synergy. In conjunction with the business planning process, determine your strategic alternatives and plot your own journey to a sustainable future.



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