



How to Scale Up - 2021

Your business, accelerated

scaleup⁷
capital

Scaling A Digital Business

This is our blueprint for B2B digital businesses who are looking to scale from revenues of £1-10 million to revenues of £10-£50 million.

What Is a Scaler?

Scale-ups are not start-ups. Start-ups create something from nothing, creating a new product or service and sometimes even a new market. At the end of a successful start-up phase, the product and market is proven, but the business has not yet scaled or 'matured'.

Scaling up is the next mountain to climb. Success is defined by rapidly growing revenues, transitioning to profitability, building critical mass to be sustainable and highly defensible whilst filling out a resilient yet more developed organization and culture. We call these businesses 'Scalers'.

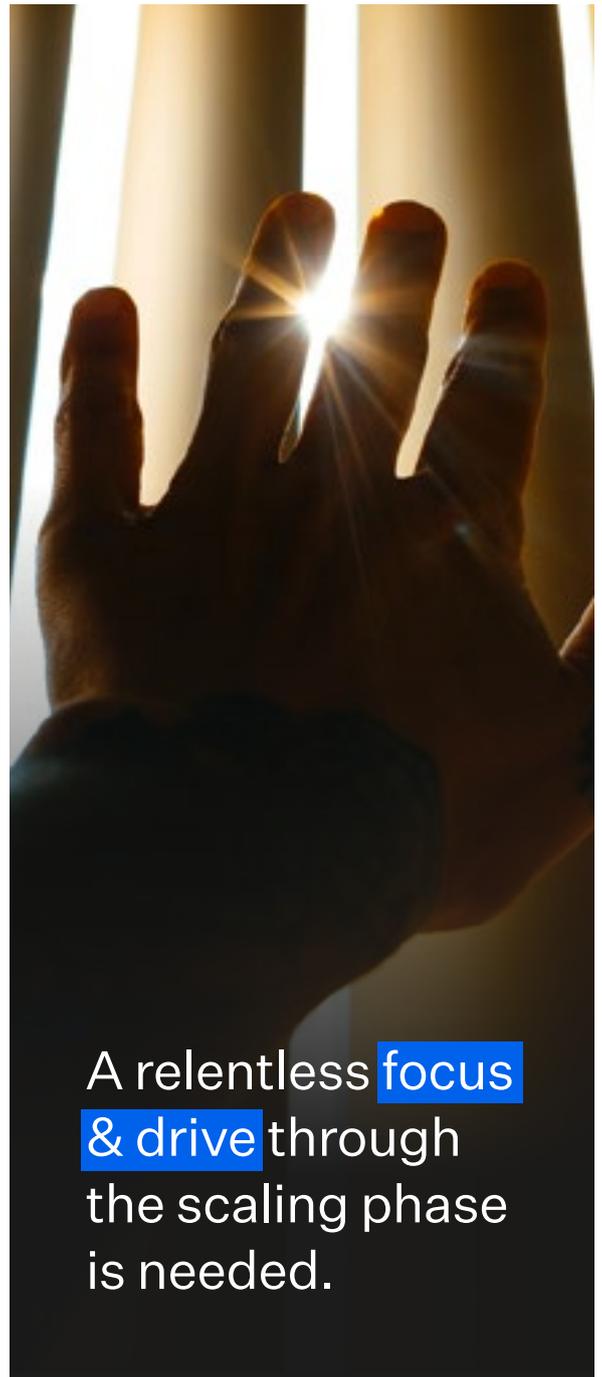
What Does A Scaler Look Like?

A role-model B2B digital Scaler has a powerful proposition that can be readily captured in a short elevator pitch and which solves the same big, painful and recurring problem for a very large number of customers. The best Scalers are market leaders in their emerging niche.

We analyse four questions to identify businesses with high potential to become Scalers:

1. Can I win new customers cheaply enough and make enough money from them over their lifetime to create compelling unit economics?
2. Are there enough customers out there experiencing the problem being solved by this product or service to build a business of sufficient scale?
3. Can I crank up the speed of new customer acquisition to enable me to hit sufficient scale in a reasonable timeframe without overheating?
4. Can I create compounding improvements over the long-term to stay ahead of the competition and forge defensibility and longevity?

B2B digital scalers usually have recurring revenues, high gross margins, evangelical customers, obvious user cases, strong product or service USPs, and efficient and streamlined sales and onboarding processes.



A relentless focus
& drive through
the scaling phase
is needed.



How Do You Scale Up?

We recommend three initial preparatory phases to successfully scale.

Get The Planning Right

01 You get one chance to get the big stuff right: the vision, the strategy, the imperatives, and the initiatives. This is benchmarking exactly where you are now, envisioning where you want to get to and mapping out the strategic path from one to the other. If you set off on the wrong course, you lose time, money, momentum and self-confidence when you self-correct later on. This is the one time when patience is valued over urgency.

Deep research, analysis and benchmarking of every aspect of the business and its market should inform a high level five year plan, and a detailed one year plan.

Lay The Foundations

02 This is about putting the right people in the right roles doing the right things. Making the right senior team and hires.

Introduce robust, scalable processes, automated systems and appropriate incentives, governance and KPIs.

Focus in on the best user cases where you can solve the biggest problems for the most customers, check this market has enough greenfield space and isn't overcrowded. This is your sweetspot and laser in on it.

Iterate & Optimise

03 This is the 'heavy-lifting' and rapid improvement phase to build and tune your engine. Cycles of 'plan-do-review' and "test-measure-refine". Pace and rigour are crucial. Sales and marketing and the business model should be improved through science and diligence. This is the time to upgrade product or service, add new routes to market, sales teams, partnerships, and improve talent.

This phase involves trying every experiment to drive up the ratio of Customer Lifetime Value to Customer Acquisition Cost.

Scaling Phase

With the three preparatory phase complete, the business is now ready to scale. This scaling phase is about doing much, much more with your proven business model and newly optimized engine. It is about acceleration and the relentless focus is on customer acquisition. This cannot be at the expense of control and the key metrics you have in place. This is when you really crank the handle, expand the sales team, invest more in lead generation, accelerate growth rate and deliver a steep change in shareholder value year on year.



Five Priorities To Laser In On:



Product-Market Fit

Hone in on the market sweetspot where your product can solve a widespread major customer need better than anyone else.



Governance

Put in place strong, proactive KPI-driven governance & performance management, led by the right board.



Customer Acquisition

Understand who the customers are and why and how they buy, creating the most targeted and efficient process for capturing them.



People & Talent

Scalers do have common cultures; pace, focus, purpose, cohesion, conviction, passion all feature strongly. You need the right team to meet the challenges of the next few years. Engage your staff. Cut out unnecessary levels and bureaucracy. Make people accountable. Get buy in for the vision at all levels. Give people a reason to work hard with pride, including financial incentives.



Customer Lifetime Value

Measured mainly through retention rates and average order value, this reflects a myriad of factors – including the size of the problem you are solving; the quality of what you are offering; how often they use it; how unique it is; who else provides it; switching costs; price; relationships and more.

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