

SMALL BUSINESS MATTERS

Business Expansion: A Cheaper Alternative
Brought to You by CBDC South Coast



If you have ever looked around at your business and wondered about business expansion, you probably realized that most often there are significant upfront capital costs. Adding to these costs is a combination of the following factors depending on the nature of your business or proposed expansion: property acquisition, new buildings or renovation of existing facility, vehicle or equipment purchase, significant additional supplies or inventory, marketing and promotion, new staff, etc. This leads to a drain on cash and/or existing credit lines or require the investigation of additional business financing.

Exploring a potential business expansion requires considerable effort and planning without any guarantee of success. In many cases both significant costs and effort will definitely be worth it and there will situations when finances and/or personal interests may not permit expansion. Although this is exactly what entrepreneurship and being a business person is about, there may be other options if a full scale expansion is not feasible. *There may be a cheaper alternative!*

When running your own company or business you typically become very good at understanding your existing business and your approach can even be very proactive and organized, like clockwork. However, do you ever take the time to take a step back and look at your products and services, your customers, and your business in general? Not as a business owner but as a person with even more experience as a consumer throughout your life. There may be opportunities to expand your business without tearing down walls, buying new equipment, or doubling your inventory or supplies.

You might ask how. Chances are you know already and even do so regularly without even knowing that you were expanding your business unconsciously. If you take every opportunity to consciously think about the possibilities you may find ways to expand your business with less investment or risk. Here are some things to look at ways to “quietly” expand your business over time with smaller steps.

- Add more products and services complimentary to existing ones.
- Conversely, add totally different products and services but those that fulfill the needs or wants of your typical customer.
- Have more in store promotions and look at finding ways to bundle products/services.
- Other times you may need to cut various products/services that are not working and focus more on a particular niche thus allowing an expansion by way of focus on a key area.
- You need to buy right and sell right. Having the right products/services or selection of products at the right price (competitively priced but with good profit margin).
- Look at new market areas and different ways of distribution or customer reach and test the waters while only incurring inventory and advertising costs.
- Look for best fit with your business, staff, or facilities when evaluating potential expansion opportunities and if something is a good fit it could be done almost overnight.
- When evaluating expansion into new products and services look at both profitability and which products/services have the best potential for repeat sales (versus one time purchase).

Basically, if you are not thinking about new ways to improve your business and your offering to your customers, your business may become stagnate with no year over year improvement or worse experiencing a decline. So there is a good return on looking at the business through a different pair of eyes regularly.

For more information on business financing and other services of CBDC South Coast call 1-800-303-2232 or 538-3846.