Flying Solo podcast – Jenny Stilwell

How to crack 7 figures: Business strategies for growth

*Automated transcript

Intro:

Hi everybody. I'm Cec Busby, editor of Flying Solo. Welcome to our weekly podcast where we step inside the minds and lives of soloists and small business owners.

Jenny Stilwell has helped hundreds of businesses through the challenges of growth. As a mentor to CEOs and a CEO of her own and others' companies, she knows first-hand what it takes to grow a business.

In her new book, *The 7% Club*, she reveals the secrets to growing a sustainable business with turnover beyond seven figures. She's here today to share some of her top tips and explain why so many businesses falter as they reach the million-dollar mark, and what you can do to overcome that.

<INTRO>

Cec Busby [00:00:01]:

Jenny, welcome to the show. I'm so happy you're joining me today.

Jen Stilwell [00:00:05]:

Thank you so much, Cec. I'm really looking forward to this conversation so much.

Cec Busby [00:00:09]:

Excellent! Now you're all about growth and helping businesses scale and get to be the best that they can be. And right now, you're living pretty much the good life, something that our listeners will all aspire to. I read you're on the Mornington Peninsula and that's where you work. You work from home, beach outside the window. That's pretty remarkable. How did you achieve that?

Jen Stilwell [00:00:35]:

Look, I think it's remarkable too. And I do. I am sitting here looking at it and most days I think I don't know how this has happened. Look, I think it's something I did start to think about a while ago and I think a lot of business owners could resonate with this. Because if you've been doing the same thing for a long time or you're looking for something different or perhaps you want to reinvent your business in some way, the best thing is to actually start thinking about how you can do that, as opposed to continuing to do the same, day in, day out. So I was actually running a client's company just prior to and going into COVID. I went in as a consultant and ended up staying there for way longer than I expected. Got them through the first year of COVID and then I said, okay, that's it. Now is the time to change how I work. And we were just fortunate enough; everything lined up, the planets lined up and we came down here and I took a little bit of time out and I thought, all right, this is how I really want to run my business. I want to be very selective with who I work with, in terms of working with people who share the same values and people who you know you will enjoy working with. And having time to write and just having the flexibility - not necessarily working less, even though that's a result, but just working differently. And I don't think I've ever been happier, really. It's taken me a long time to get here. A lot of hard work in my career. But that last little redesign phase really got me to where I want to be.

Cec Busby [00:02:27]:

Because you're someone who really does know that bumpy road to burnout. You've been CEO of some quite big companies and experienced that burnout yourself. What was it that made you finally realize this is not right, this is not for me, I need to change how I'm doing things and how I'm living my life?

Jen Stilwell [00:02:52]:

That's a very interesting question. I think a lot of the time people stay in a situation that isn't enabling them for far too long. And we do things because we feel we should or because we can, or we've got other people in the business that we feel responsible for. But I think when it really starts to take its toll on your health, there's no bigger red flag than that. And there's a lot of people who go through burnout and stress and I think it's just the adrenaline required every day to be on top of your game. And when you're put into situations that are not in your comfort zone on a regular basis, and you're not operating in that nice middle zone of where you're capable and comfortable, and you're really stretched to the ends of your capability, and confidence to an extent - it does. It just takes its toll. And I think you just reach a point one day when you go, okay, I'm done. This isn't right for me.

Cec Busby [00:04:05]:

What about if you're a small business owner, though? You do tend to have to wear a lot of hats and there is a lot of that stress from the business, just happening because maybe you don't have the resources to employ more staff. so you are having to juggle so much stuff. What, from your experience then, can help a business owner maybe take more control so that they're more in control of the business rather than the business controlling everything about their life and their time?

Jen Stilwell [00:04:39]:

Yeah, good question. I think the first thing is to – look, letting go is one thing, but when I say let go, I mean a lot of business owners think that they're in control because they're really focused on just one or two things on a daily basis. That's all they're focused on. So they may well be in control of those things. And it could be getting a product out the door or it could be having call after call with clients, but they're not addressing the rest of the business. So they know that when they look up and start to look at the other things in the business, they're really going to feel out of control.

But I think the first thing is to take the time to really map out what you are doing on a day-to-day basis. And I really can't stress this enough. It's so important. Even if you go and get a coffee and just sit somewhere for an hour at the end of the day or the beginning of the day and just focus on, 'all right, what am I doing every day? What are the main activities I'm doing, and what are the things that I really have to be doing that require my expertise, where I can deliver the most value to the business? And what are the things where I could get help from someone else?' And I'm not talking about employing people. I'm not talking about adding cost unnecessarily to a business. But we all know that we can find resources anywhere in the world to help us with all sorts of things in our business. And if we provide those people with a good brief - this is what I want done, here are the steps, here are the outcomes I need - they can help you immeasurably. I think a lot of people are perhaps scared of taking that step because they feel that 'if I want something done properly, I have to do it myself'. So you really have to get rid of that thought. But that's the first thing, to really map out what you're doing on a daily basis and start to spread the load a little bit. Sorry, just to finish on that. There are things that we all do that we do it because we can, not because we're necessarily efficient or really good at it. They're the things to start with, to let other people do them.

Cec Busby [00:07:01]:

Yeah, that was almost exactly what I was about to ask you. There are so many tasks that business owners do that they just think they have to do it because they're trying to save costs or maintain control. But yes, when you look at it - even if you look at the money value of it, what is your time worth, and could you outsource that and pay someone else to do it, that it's not going to cost you as much? And they're actually an expert at it. I think that perhaps there is not enough value of their time, that they're just not considering the value of their time when they're doing all these extra jobs.

Jen Stilwell [00:07:46]:

Absolutely. And they still look at getting help as a cost. And okay, it is a cost, but then you can go further, faster. I always say 'money is speed'. If you want something done and you need it done quickly, you spend the money to get people to help you along the way, or you outsource things. And I'm not talking big money, but just consider, in addition to the cost of your time, just consider how much more you could get done if you did have someone to help you. If you had someone come in and do some bookkeeping for you, how many hours is that going to free up each week that you could be doing something more productive or more revenue-generating instead? Things like that. So I think sometimes business owners forget to look at the return of investing in some help.

Cec Busby [00:08:46]:

Absolutely. Now, these days you work with a number of businesses, helping them to scale and grow. When did you realise that was your superpower?

Jen Stilwell [00:09:02]:

<laugh> Look, I think I've always known that my superpower is going in and looking at a business and identifying what needs to be done to improve it. And I don't mean to sound egotistical by saying that - we're talking sort of small to mid-sized companies. And I think when you look at the numbers in the business, when you look at how the business is flowing, when you analyse a business, it's fairly clear what things need to be done to help that company grow. And it's something I've always loved doing, way back, probably since the beginning of my career. So, yeah, I'm very happy doing what I do. And I think there are people who help companies upscale because they're brilliant at business development or at sales or going in and doing major pitches. That sort of growth is a different skill set. What I look at is how I can help companies to implement the strategies that will enable them to grow in a manageable and a profitable way. So we're not talking manic growth, we're talking manageable growth; so the business can enable them to have a better life as opposed to make them more stressed out in the process of growth.

Cec Busby [00:10:29]:

Is that what it's all about? It sounds like that's what it has become about for you, like, doing business so that you have a better life.

Jen Stilwell [00:10:39]:

Well, I think it is. I certainly think for people who start and want to build their own business, I look at a business as an enabler. So if your business is going to take you away from things you love doing, or places you like to be, or family and friends, it seems to be counterproductive. But if you're creating a business that enables you to have a lifestyle and do the things that are meaningful to you, that's surely what the end goal has to be.

Cec Busby [00:11:18]:

So I think a lot of our listeners would love to crack that million-dollar mark, but maybe they've kind of stalled along the way. What are some suggestions you can give that could help get them there? Like, what do you think are the foundations for business growth?

Jen Stilwell [00:11:36]:

Okay. I think as companies approach the 1 million mark, what I have seen quite a lot is it becomes the goal. It's the end goal. So the focus can sometimes shift toward quantity. So we need more sales, more sales, more clients, and that can sometimes be achieved at the cost of value. So I've seen companies who go out and they do acquire more clients, but the value of those clients is decreasing. So they're getting more and they're ending up with more clients to look after. But the value of the new clients they're bringing on board is maybe half or a third of the value of their earlier clients, who they can often forget in the race to be finding more clients. So the first thing is to really look at your numbers and understand. It sounds really basic, but it does get back to that. Who are your ideal clients? What is the ideal value of your clients? You need to model those and make sure you're focused on acquiring more of those. Which products are giving you the best margins? Which products might be costing you money, once you factor in things like freight and distribution. So understanding the numbers in your business and where you're making money is really important, because I do see people focusing on activities that bring in less money and less profit in the pursuit of the million-dollar mark or the $2 million mark. So that's the first thing.

The other we've talked about is getting the right people to help, which is really important, and then another which is important because it helps with the efficiency of the business, and that's to look at the core processes. So if, for example, you have a brand and that's what your business is, and you've created a brand and you have new lines that come out, new lines you create, make sure the people involved in that process - even if there's three of you - make sure that you've mapped out how that process works. From, we've got a great idea for a new product line, through to the brand is on the shelf. Map it out. So what has to happen at each stage? Who needs to sign something off? At what point do we decide yes, we're going ahead or no we're not. Because the business owner has all this information in their head and what they can tend to do is keep most of it in their head as they get people on board to help them. And so those people have part of the process but not the whole thing. So mistakes can happen or things can get through that shouldn't. And it's a really useful exercise to map that out with your team. So if the business owner isn't there, the team can still get things done and get them done the right way. And whether your core process is how you onboard a new client or it's how you create a new website for a client, whatever it might be, just make sure if you've got other people in your team, that they can complete that effectively and efficiently, even if you're not there.

Cec Busby [00:15:21]:

Can I get back to something you were talking about just before this? About chasing all those clients and getting fixated on getting as many clients as possible because you're wanting to crack that million-dollar or the $2 million mark. Say the horse has already bolted. And you have got yourself into this situation where you've got your high-value clients, you've been neglecting them. They probably aren't going to come back now because of that neglect and you've got all these little clients that are really demanding and there's a lot of scope creep going on. Firstly, how do you manage that scope creep side of things? Because oftentimes maybe for the quick sale, you might have promised the earth to these people that have come in that are not necessarily of great value to your business, and then how moving forward as well, do you make sure you don't put yourself in that situation again? And also, how do you woo your great clients that you had back to the fold?

Jen Stilwell [00:16:35]:

Cec, that is a fantastic question. Let's assume the horse has bolted, so we're looking at what we can do now. One of the main things is to well, you've got to live by it. First of all, if you're the business owner. So you've got to be prepared to stand by the terms that you put around your clients so you don't have that scope creep or that they pay for the scope creep. So terms are really important. And that's another thing that I see lacking quite often - any sort of, I say contractual, but commercial arrangements around business. So, remembering that, depending upon the type of service you have - review your pricing each year and have a look at whether you need to increase it or not. Be clear about the scope of the work you do for your clients and the payment terms. And make sure that in those terms there is a reference to additional fees or requoting on additional work if it goes beyond the scope of the work that's been agreed to. So those terms are really important and looking at price increases and so on, and having that as a core part of what the business owner needs to look at is really important. So moving forward, that gives more protection around losing margin and being dictated to by clients who don't have any terms.

In terms of what you've already got, I think it's a matter of looking at the clients. I always put clients into tiers. It's just a regular thing that I do. Let's have a look at tier one, two, three. And what you'll often find when this happens is you'll have the bulk of the clients in the lower tiers. As you said, there's lots of them and they're low value, they're usually quite demanding. I don't know why they go hand in hand, but they do. Then you've got to make some strategic decisions. So, okay, well, are we going to let this client know that their fees are going to increase significantly in the next year? They might want to go somewhere else, or are we going to change the terms that they have and make it easier to work with them? And it's about restructuring the resources you've got for the clients you have. I've advised some clients to either divest some of their smaller clients. Maybe they've got someone they know who's got a similar business but in a different space that they might want to collaborate and have another business take over their clients. So you're not leaving your clients stranded. Price increases are a very easy way to do it.

And in terms of going out and looking after the clients that you may have lost - the big ones. I always think transparency is best. And if I've had to do anything like that in the past where there's been a situation with a client and they've started to walk, have a conversation with them. Sometimes it's time to throw yourself on your sword and have that conversation and explain what's happened, and also explain what you've put in place for the future so that they will receive the right service again in the future. And some will come back and some won't. But at least you've tried.

Cec Busby [00:20:37]:

Podcast: Difficult conversations.

Jen Stilwell [00:20:40]:

Yeah.

Cec Busby [00:20:43]:

So you've recently put pen to paper to give some of your fantastic advice, and it's also based around this stat that only 7% of businesses make eight figures. So why do so many businesses struggle to grow beyond the $2 million mark?

Jen Stilwell [00:21:02]:

Well, it's really interesting because the figures are sort of commensurate in the US and the UK. And I think a big part of it, number one, is that people don't want to necessarily grow that much because as they approach the 2 million mark, they may have created a really nice lifestyle business. It's a manageable business, it's a profitable business. And as you move toward that level of growth, there's all sorts of risk that comes into it. There's fear, there's a bit of doubt - can I really do it? A bit of uncertainty - do I know how to do it? How do we get there? But I think for those who are committed to climbing that mountain, the challenges and the way I've grouped it in the book and the way I see it, and the way I've experienced is, first of all, it's reaching that level of complexity. As you grow toward two million and beyond, your business is becoming much more complex with more moving parts, more products, more people, and being able to manage that, moving forward as you grow, it has to be done in a different way than you were able to manage when you were smaller.

Cec Busby [00:22:26]:

Do you think that that may be part of the issue, that businesses try to use the same strategies that got them to that million-dollar mark, but they don't necessarily work for when you're wanting to scale beyond that?

Jen Stilwell [00:22:43]:

Yeah, absolutely. You're completely right. And that, again, it's a bit of a leap of faith because you've built your business and you've got 2 million or you're approaching 2 million, and you've done a great job to get to that point. You think, well, what do I need to change? Can't be that hard.

Cec Busby [00:23:04]:

Just go harder.

Jen Stilwell [00:23:07]:

Exactly. Go harder. But that's not the answer. Go different is the answer.

Cec Busby [00:23:14]:

Is that a hard thing for people? Sorry for saying hard again. <laugh> Is that a difficult thing for people to kind of grasp, that it's not about going harder, it's about going differently?

Jen Stilwell [00:23:26]:

Yes, very good question. It is. And it's not until - certainly from my perspective, working with clients like this - it's not until you get them to that point and suddenly you show them numbers that really explain what's happening in their business. So they suddenly feel more control because it's there in front of them, they can see what's happening. Or you do get them to step back because finally you've got some really good people in their team who can run the business and they've got to get their head around, ‘okay, well, my role isn't what it used to be. It's something different’. And that's a huge step for them. It's a leap. But when you get them into that space, there's no going back from there. Once they know that, they can move forward differently. And yeah, it's a learning curve. And people get, we all get things wrong, but it's not until you've seen what it could be like - I guess it's almost like if you're building a house and it's being built and things are going up, things are going up and, you know, each day something's happening and then suddenly you it takes form and you can see what it's like and it's ‘ah, okay. Now I can see it’. It's a bit like that when they see the numbers and they really start to understand what's happening in their company. But it does take a little bit to get there, and then they know that they have to do the next bit differently, particularly with their own role. That has to be quite different. Yeah, it's a big process.

Cec Busby [00:25:27]:

And does it go back to that thing that you were saying earlier about getting that knowledge out of their head and passing it on to other people? Because how can they step away from being so like, in the business, if they aren't prepared to let go and give knowledge to other people?

Jen Stilwell [00:25:43]:

Yeah, absolutely. That's a big part of it, because when you hear business owners complaining about their team or mistakes that were made, and they often say, I don't know why I have all these people when I have to do everything myself. I've got to step in and I'm working just as hard as I always was, and I've got all these people. It's like, well, yeah, but you haven't really empowered your people to do what they're here to do because you know all the steps and they don't. So once they can once they can do that, that's a huge part of moving forward. But again, all these things that we're talking about, they're quite a leap. As we said, you grow your business to a million and yeah, great. Why do I need to change? Well, because it's going to get more complicated and it's going to get harder to run.

Cec Busby [00:26:40]:

So embrace the change.

Jen Stilwell [00:26:43]:

Well, yes, they have to, don't they?

Cec Busby [00:26:47]:

So you're talking also about teams and stuff. So what kind of role does leadership and culture play in a business' growth?

Jen Stilwell [00:26:58]:

It's huge. It's absolutely huge. I think the culture is what binds everyone together, and it creates a powerful team versus, or an engaged team versus a disengaged team. And I think that leadership role drives the culture. It's about the attitude and the involvement and the drive of the leader, and their values and how they treat their team. And then when you've got a positive culture throughout an organisation, even if there's five people, they're working together to achieve the same end goal and that can only come from the leader, and then the people that they bring into the business who would share the same values and, you know, buy into the vision. So it's really critical and it's a good question because when you first start a business, you don't care about culture and leadership. You just want to get on with it, create something and make some money. But then as you grow and you do bring other people in, it's a very important consideration. It's really important and it determines who you're able to attract and how you retain people. And it's something I think every business owner who is intending to grow needs to give time and consideration to.

Cec Busby [00:28:35]:

So supporting your team is just as important as understanding your cash flow, perhaps?

Jen Stilwell [00:28:43]:

Oh, absolutely. In the book I've just written, everyone I interviewed for the book, and they were all different sizes, and some were new, some had been going for a very long time. And everyone agreed how important your people are, to treat them almost like part of the family, to look after them, to bring them on the journey, to involve them. And that's what everyone wants. Even if it's not your business, it's someone else's. You want to feel that you're making a contribution and you're part of a team. So, yeah, it's very important how you treat your team.

Cec Busby [00:29:24]:

So maybe just some final advice. You've talked about the team and the importance of the team and the culture, understanding what your numbers are so that you can manage your cash flow properly and know what's coming in and what's going out and what your profits are. What else might there be? If I wanted to, I've got a business today and I want to think by the end of the year, I want to crack that million mark. Is there kind of some steps that I need to go through?

Jen Stilwell [00:30:02]:

Yeah, I think if you're looking at the strategy for, say, the next twelve months, looking at how you're going to get there - whether it's from acquiring more, or doing better, or collaboration, or financial means. And it's something I think, if you've got a team that actively contributes to the business - we're talking not just sort of outsourced people who are task-oriented, but people are actually more in the business and involved day to day - it's important to involve them in that strategy. Like, do we have opportunities to be doing more for these particular clients or to be adding more value? What else could we be doing for our top clients? Where could we be looking to acquire more clients? Who else could we be selling our products to? Who could we be collaborating with? So I think it's important to have that brainstorming, which is a mix of both the left brain - let's look at the business and understand the numbers and where we can be growing - and the right brain – Okay, what if we got this company on board as a client, what would that mean to us? Well, that would get us over the million-dollar mark in one hit. So having both the creative what-if thinking and then more the thinking based on what you know with the numbers, and what will bring in more growth that's going to be profitable. They're the sorts of things I'd be playing around with. And both are important. The creative and the more left brain focus.

Cec Busby [00:32:06]:

You're exactly right. I think we often disregard that what-if when it can be something that helps drive us to pursue the goal.

Jen Stilwell [00:32:18]:

Yeah, absolutely. Absolutely. It just stretches your thinking, doesn't it? And you suddenly go, what if we did get that company on board? Wow. That would make a huge difference to us. And then everyone gets excited about it.

Cec Busby [00:32:31]:

Thank you so much, Jenny. It's been an absolute pleasure chatting with you today. When is the book out?

Jen Stilwell [00:32:37]:

The book is out at the end of May in bookstores, nationally and online, of course. And it's available on my website for pre-orders as well, at the moment, which is JennyStilwell.com.au one l in the middle, two on the end.

Cec Busby [00:33:02]:

How often have you had to say that?

Jen Stilwell [00:33:05]:

Cec, 10 million times in my life and counting.

Cec Busby [00:33:10]:

It's like Cec, I feel your pain. Thank you. Thank you again, Jenny. It's been great having you on the show.

Jen Stilwell [00:33:19]:

Thank you very much, Cec. Bye bye.