

Strategic Growth - Mcdonalds model

Growth is the ladder businesses strive to climb to reach their ultimate goals of wealth, continuity, maximize return on investment, as form of creating value. As businesses strive achieve such financial goals, there also financial procedures, and strategies to achieve such growth, if we consider growth is a business process.

This process involves key attributes every entrepreneur, CEO, business owner needs to possess and before all define what growth means to them. For example, some businesses consider growth by opining new markets, horizontally growing customers base in different markets, while for some growth means higher profit margin.

If we analyze the business models of most famous businesses like McDonald's, was creating new assets for shareholders, by acquiring land, franchising the product and services model of selling burgers, so the balance sheet is growing significantly on the fixed assets section, while financing that through main revenue streams including royalty fees, rent and licensing fees. They created a snowball effect, that finances itself and continue to grow contiguously.

To grow your business, it's obvious to increase revenue, expand to new markets, and alike activities, but every aspect of those requires thorough analysis, testing, and planning. Below may be few of the main growth strategies a company would consider:

- **Expand your customer base** One of the most logic ways to grow your business is to expand your customer base. This can be done through a variety of tactics, such as increasing your marketing efforts, maximize your product or service offerings, or targeting new customer segments. For example, you could create a referral program to encourage your current customers to refer their friends and family to your business. Or you could invest in social media advertising to reach a broader audience.
- **Upsell: Increase your average order value** Another way to grow your business is to increase your average order value. This means getting your existing customers to spend more money with you. You can do this by offering upsells and cross-sells, bundling products or services together, or introducing a loyalty program that rewards customers for repeat purchases. For example, if you run a restaurant, you could offer a dessert or drink special to customers who order a certain meal, or the typical migrating with other suppliers providing free tickets to sports games as sports clothes seller.
- **Expand into new markets** If you have exhausted your current market, it may be time to expand into new markets. This could mean opening a new location, launching an e-commerce website, or partnering with other businesses to reach new customers. Before expanding into a new market, it is important to conduct market research and ensure there is demand for your product

or service in that area. You will also need to consider the logistics of entering a new market, such as legal and regulatory requirements, and cultural differences.

- **Diversify your product or service offerings** Another way to grow your business is to diversify your product or service offerings. This means expanding beyond your current offerings to serve a wider range of customer needs. For example, if you run a clothing store, you could start selling accessories or shoes. Or if you provide a consulting service, you could add a training or coaching component to your offerings. Diversifying your offerings can help you attract new customers and increase revenue from your existing customer base.
- **Acquire or merge with other businesses** Finally, if you are looking for rapid growth, you may want to consider acquiring or merging with other businesses. This can help you expand your customer base, gain access to new markets and technologies, and increase your revenue and profitability. However, it is important to approach mergers and acquisitions with caution and conduct thorough due diligence to ensure the deal is a good fit for your business.
- **Focus on profitability** While it is important to invest in growth, it is equally important to focus on profitability. Make sure that you are generating enough revenue to cover your expenses and turn a profit. This may require you to adjust your pricing strategy or find ways to reduce your costs.
- **Build a strong team** As your business grows, you will need to build a strong team to support your operations. This means hiring employees who are skilled and experienced in their roles, and who share your vision for the business. It also means investing in training and development to help your team members grow and succeed. Your internal team are first ambassador for your potential clients.
- **Stay agile and adaptable** In today's fast-paced business environment, it is important to stay agile and adaptable. This means being willing to pivot your strategy if market conditions change, and being open to new opportunities and ideas. It also means embracing new technologies and tools that can help you streamline your operations and stay ahead of the competition.

To increase sales, contain (reduce) cost, acquire a peer or joint venture with another competitor: you need financial analysis and planning to conduct all such initiatives. Taking McDonalds as example again, the key advice the founder received from his financial advisor was the true reason for growth strategy and the way of implementation. Therefore, consider finance as your tools to go ahead are:

- **Financial statements:** Understanding your financial statements is critical to making informed decisions about your business. Key financial statements include the balance sheet, income statement, and cash flow statement. These statements provide a snapshot of your business's financial health and can help you identify areas where you need to focus your attention.
- **Budgeting:** Creating and managing a budget is essential for achieving growth. A budget helps you plan and control your expenses, allocate resources effectively, and identify areas where you can cut costs. It can also help you identify opportunities for investment and expansion.

- **Forecasting:** Forecasting involves predicting future financial outcomes based on historical data and trends. This can be helpful in identifying potential risks and opportunities for growth. By forecasting your cash flow, revenue, and expenses, you can make informed decisions about the future of your business.
- **Capital management:** Managing your capital effectively is critical for achieving growth. This includes understanding your cash flow needs, managing your debt, and optimizing your working capital. By effectively managing your capital, you can ensure that you have the resources you need to invest in growth opportunities.
- **Investment analysis:** Analyzing potential investments is critical for achieving growth. This involves evaluating the potential risks and returns of various investment opportunities, such as expanding into new markets, acquiring other businesses, or investing in new technology. By conducting a thorough investment analysis, you can make informed decisions about where to allocate your resources.