



Nine Practices for Doubling Your Revenue Every Year

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Revenue and profits are, of course, the lifeblood of any business. One of the primary goals for entrepreneurs when they start a company is to reach a sustainable level of revenue and get to profitability. Once those goals are reached, however, revenue growth becomes a prime imperative for most entrepreneurs, especially those hoping to raise capital or sell their company some day.

I want to explain why it is so important to set an aggressive revenue growth goal. This is based on my personal experience founding, growing and selling a tech firm that did just that, as well as the other tech companies I am fortunate to mentor.

The speed at which you can grow your revenues is a function of your industry, your products, your sales management and sales force. However, revenue growth is just as dependent on your sales philosophy and the amount of time and energy you, as the founder/CEO, focus on it and evangelize revenue growth to all your employees, regardless of whether they consider themselves “sales people.”

Virtuous Cycle #1: Growth improves all your relationships

The reasons to target revenue growth go far beyond the obvious fact that it leads to excellent financial performance. Employees, clients, and all other stakeholders benefit immensely from healthy annual increases in sales. Employees who join growth companies expect to put in a lot of themselves in return for getting a lot back. They desire increased responsibility and career growth, and there is no way to provide those sustainably in a company that is not growing. The enjoyment that comes from success and personal growth can be more important to retaining the best employees than the pure financial rewards. In the same way, as you grow your company at a good pace, you can offer better and more services to your clients, as well as projecting more stability and confidence. Your vendors and suppliers are happier to work with you. Of course, you and your financial stakeholders all benefit from the success, as well as realize the value of continuing to invest in the business.

“Using the techniques below, we grew our previous company from zero to over \$120MM in sales in less than ten years. And employees loved working there. And clients loved working with us and referring us to other clients.”

Clearly, revenue growth creates a virtuous cycle inside your company that every exit-minded entrepreneur seeks to increase the value of the company. So, how do you go about doing it? A philosophy that works very well in order to enable high revenue growth is the “Double Your Revenue Every Year” philosophy. This philosophy essentially calls for you to plan for, invest in, and otherwise structure your organization to find a way to grow 100% each year. It’s a provocative thought but there are several reasons we can find for not wanting to do it or being unable to do it. Time, money, sales force ability, sales geographies and scalability are all common and completely understandable reasons to resist this philosophy. However, when implemented correctly, this approach will lead to considerably higher sales growth because the whole organization will be so focused on planning for, and accomplishing, the goal.

Virtuous Cycle #2: Growth improves all your processes

Beyond the pure value of increased revenue, the goal of doubling your revenue is to bring many other best-practice business benefits to your company. You will build earlier and better relationships with your bankers and financiers so you don’t run out of capital if the growth does materialize. You will hire the best people you can to support this growth. You will focus hard on making your processes as productive and efficient as possible so you can scale. You will professionalize your sales force, sales management and marketing efforts in order to reach this goal. You will exhort everybody in your company to assist with sales efforts and will emphasize growing existing accounts as

much as getting new accounts. You will begin the process of strategizing about inorganic growth through acquisition earlier in the life of your company. And all of these things create huge amounts of value for your company whether you hit your 100% growth goal or not. And if you only achieve half your goal, you will still have grown by 50%, which is much faster growth than targeting 20% and beating that number easily.

I hope I have been able to establish the two virtuous cycles that accrue to you and your company by focusing on revenue growth. So what are the actual tactics that can help accomplish this strategy? Here are nine practices that form the backbone of this philosophy and can be customized to your particular situation. Using the techniques below, we grew our previous company, Saber, from zero to over \$120MM in sales in less than 10 years. In the three years before we sold it, our revenues were \$24MM, \$55MM, and \$125MM. And employees loved working there. And clients loved working with us and referring us to other clients. And that led to even faster growth.

So, with no further ado, here are our sales tactics for trying to double your revenue every year.

Nine Practices for Doubling Your Revenue Every Year

- 1. Consider yourself the head of sales.** Through training, motivation, and a hunger for learning, make yourself as CEO/founder the head of sales. Nobody will ever articulate your message with the vision and clarity you can. Nobody will ever know your product as well as you do.
- 2. Love to sell.** Teach yourself how to love selling. You are solving somebody's problems through your solutions. What's not to love?
- 3. Make doubling revenue a strategic goal.** Set the goal and work backwards to figuring out how you'll achieve it.
- 4. Put the resources and tactics in place to ensure that the strategy succeeds.** Break the goal down into small, discrete, manageable tasks that can be tracked and reported on each week. Don't just hold sales calls every week and let the results fall where they may.
- 5. Expect mistakes in sales hires.** These are the hardest hires you will make. You will feel that they are a lifeline and you will feel pressure to overpay for what you feel are good salespeople. Don't. Keep your pipeline constantly full of good salespeople and terminate as soon as your gut tells you a salesperson is not effective. Terminate for faults in process and skill rather than because they miss their number in a particular quarter.
- 6. Focus as much on growing accounts as you do on getting new accounts.** This means you also need to focus on delivering a delightful customer experience.
- 7. See every employee as a salesperson.** Your company is experienced by your customer much more through your employees than through you. How they dress, behave, talk, and generally carry themselves is a reflection on you and your company. Don't shy away from the hard and necessary discussions with your employees. Send them all through sales training if you have to.
- 8. As you grow, consider inorganic growth as part of your growth plans.** Too many companies only think of sales growth as coming through organic activities. Big companies don't think that way. Corporate and business development includes both inorganic and organic growth. Think about capital needs about 12 to 18 months before you need the capital. Have great relationships with your bankers. Invest as much time with them as with your best customers.

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- 9. Pat yourself on the back, even if you miss your goal by 50%.** Hey, you've still grown by 50%. And what's bad about that? If, instead, you had set your goal at growing by 25%, and beat that by 25%, you would only have grown 37.5%. Set a big, audacious goal.

If you follow these nine practices, you are on your way to experiencing the virtuous cycles of better operations and best business practices. You should experience the heightened satisfaction of knowing you are doing the best job satisfying all your stakeholders and building wealth for yourself. But this technique is not for everyone. If you're not happy, and doubling every year is not your deal, set your own path. Just be sure you aim high!

MergerTech is a specialty investment banking firm focused solely on small and mid-sized technology companies. It helps business owners realize the value of their companies through its deep domain expertise and global knowledge of buyers. As a result, it delivers three key values: fast introduction to buyers, best terms and value, and greatest certainty of deal closure. MergerTech leaders have expertise in all aspects of technology investment banking, including mergers and acquisitions, capital raises for growth or recapitalization, and a spectrum of advisory services. For more information, go to www.mergertech.com.

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