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## What every entrepreneur should know about growing his business: Six insights from our experts

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**BUSINESS  
SCHOOL**

**WHAT EVERY ENTREPRENEUR  
SHOULD KNOW ABOUT GROWTH:  
SIX INSIGHTS FROM THE EXPERTS**

# WHAT EVERY ENTREPRENEUR SHOULD KNOW ABOUT GROWING HIS BUSINESS: SIX INSIGHTS FROM OUR EXPERTS



Vlerick business experts work across all sectors and with businesses at many different stages of growth. They are renowned in the fields of finance, strategy, entrepreneurship, people and reward management, and many more.

In this paper our 6 Vlerick experts each give one key insight for growing your business.



*Prof Sophie Manigart  
Expert in  
Entrepreneurial  
Finance*



*Prof Philippe  
Haspeslagh  
Expert in Board  
Effectiveness*



*Prof Dirk Buyens  
Expert in  
Human Resource  
Management*



*Prof Veroniek  
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Expert in  
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*Prof Xavier Baeten  
Expert in  
Reward Management*



*Visiting Prof  
Hamish Scott  
Expert in Strategy &  
Growth Management*



**KEY INSIGHT #1**

# **CASH OR CONTROL? WAYS TO FINANCE GROWTH**

**BY PROF SOPHIE MANIGART**



# CASH OR CONTROL? WAYS TO FINANCE GROWTH



To grow, you need resources. But where those resources come from could dictate your future relationship with your own company. Investment rarely comes without strings attached, so you need to **think strategically** before you go after the money.

How would you feel, for example, if your investors wanted you to hire a professional CEO, because your skills are more suited to the start-up phase than the growth phase?

# CASH OR CONTROL? WAYS TO FINANCE GROWTH

When you're raising funds, you'll clearly need to understand how much you need and by when. In addition, you may want to keep these questions in mind:

1. Do you really need the money right now?  
Or could you bootstrap your venture for now?
2. If you do need the money, now what type of investor do you want to target?
3. How will you be able to generate returns for them?
4. Are you willing to accept the responsibilities that come with investments? Are you willing to accept the risks?



# CASH OR CONTROL? WAYS TO FINANCE GROWTH

## THE TRADE-OFF ENTREPRENEURS MAKE

Founders' choices are straightforward:  
do you want to be rich or king?  
Few have been both.

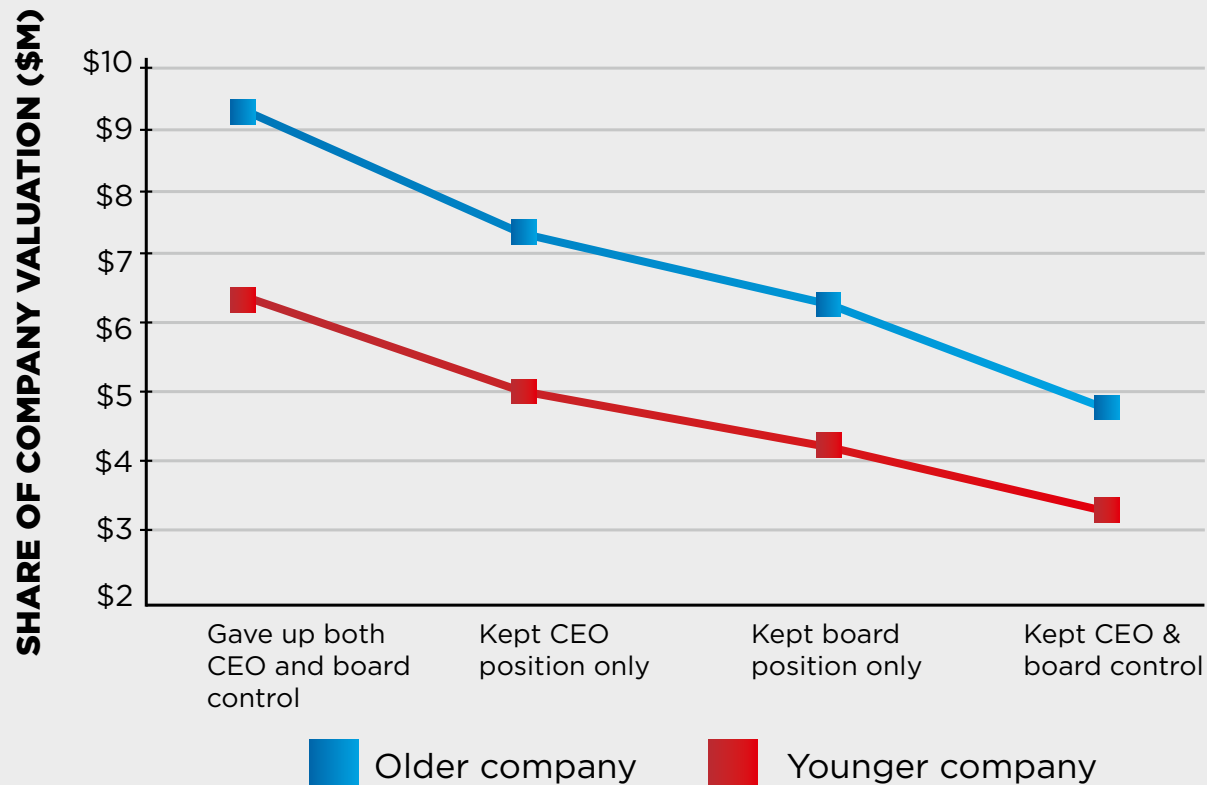
		FINANCIAL GAINS	
		WELL BELOW POTENTIAL	CLOSE TO POTENTIAL
CONTROL OVER COMPANY	LITTLE	<b>FAILURE</b>	<b>RICH</b>
	COMPLETE	<b>KING</b>	<b>EXCEPTION</b>

If you accept investments, you'll probably have to relinquish a degree of control. If you maintain complete control, you probably won't get your hands on the big bucks... so it's your trade-off.

Source: Wasserman, N., 2008, <https://hbr.org/2008/02/the-foundersdilemma>

# CASH OR CONTROL? WAYS TO FINANCE GROWTH

## THE RICH-VERSUS-KING TRADE-OFF



If you want to be king and get cash, then an IPO is the only way forward.

Source: Wasserman, N., 2008, <https://hbr.org/2008/02/the-foundersdilemma>



## KEY INSIGHT #2

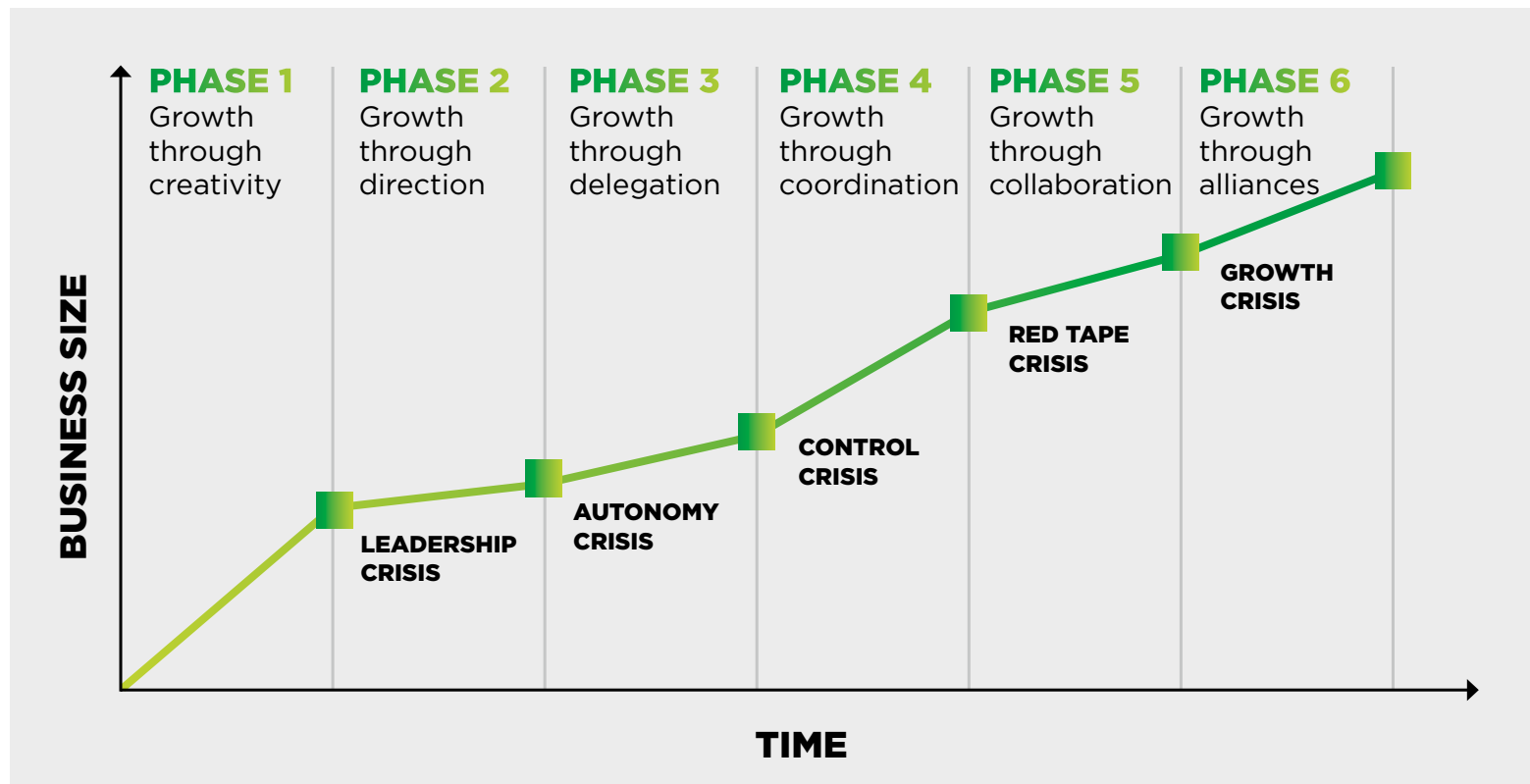
# BE READY FOR THE CHALLENGES THAT COME WITH GROWTH

BY PROF HAMISH SCOTT



# BE READY FOR THE CHALLENGES THAT COME WITH GROWTH

Back in 1972, Larry Greiner observed that as companies grow, they hit a number of walls. With each wall they hit, they experience a crisis that they need to resolve.



# BE READY FOR THE CHALLENGES THAT COME WITH GROWTH



Larry Greiner's timeless model continues to hold true: as companies grow, they hit a number of walls. With each wall they hit, they have a different sort of challenge and a different sort of management job to do.

The **first challenge** is to attend to the need for leadership and direction that may have been neglected during the founding period of creativity.

Too much 'hands-on' by the boss then brings about a need to give people more say in the day-to-day, the **second challenge**.

# BE READY FOR THE CHALLENGES THAT COME WITH GROWTH



Growing business and growing teams creates the **third challenge**, which is one of introducing processes and people for coordination to address the crisis of control.

Over-steering with burdensome coordinating mechanisms brings about the **fourth challenge** and the need to foster a spirit of collaboration that draws on initiative and teamwork.

A company spending too much time in its internal world faces the risk of growth just drying up, the **fifth challenge**. So reaching outside for opportunities to inject new ideas through alliances is key.





## **KEY INSIGHT #3**

**IF YOU WANT TO ACHIEVE GROWTH,  
APPOINT A HIGH QUALITY BOARD**

**BY PROF PHILIPPE HASPESLAGH**

# IF YOU WANT TO ACHIEVE GROWTH, APPOINT A HIGH QUALITY BOARD



A high performing company needs a **high quality board** – a seasoned group of individuals who can set strategic direction, make decisions in the interest of the business and uphold the highest standards. In reality, many boards fall short of this. So it's worth evaluating what a high quality board looks like.

# IF YOU WANT TO ACHIEVE GROWTH, APPOINT A HIGH QUALITY BOARD



## CHAIR

The chair of your board needs to have a broad as well as an in-depth understanding of business issues, including technology, market & business development. Your chair should have financial acumen and experience in working with listed companies.

Crucially, your chair should have a broad enough experience to be able to work with the uncertainties of a newer company – as well as having the discipline needed to create a more stable business. With this will come the ability to move from an R&D culture to a client-centric culture.

And maybe most importantly in an environment of rapid growth, your chair needs to be available if crisis hits.



## QUALITY CHARTER

Your charter sets the tone. It shows a willingness for a board to be active. It sets out clear roles and responsibilities – and it demonstrates trust in each individual to fulfil and respect their roles.

# IF YOU WANT TO ACHIEVE GROWTH, APPOINT A HIGH QUALITY BOARD



## QUALITY INFORMATION

The Board needs to know the reality of the situation, so openness and facts are key. The Board also needs to understand how fast the industry and the competition are moving. And it needs to get to know the key people to assess their ability to execute.



## QUALITY TIME

The time a board spends together is precious. Don't waste it on presentations. An agenda should be set to allow the board to focus on key issues. And to help with in-depth consideration of challenges and team building, offsite meetings can be helpful.



## DIVERSITY

If your board is exclusively white, male, middle aged and middle class, you may be restricting your company's potential. Consider this - the old boys' network has traditionally been able to recommend white, middle aged males to itself. But it doesn't know women or talented leaders from different backgrounds - so it has to outsource its search for these people. Outsourced searches are professional and often higher in quality - which means diversity can bring an even sharper edge to your board and to your business.



# IF YOU WANT TO ACHIEVE GROWTH, APPOINT A HIGH QUALITY BOARD



## QUALITY PROCESSES

When you have the right people meeting regularly and viewing issues objectively, you are already a long way towards having an excellent board. Process is the final piece. Key ingredients include: defining the issue at hand, building on each others' comments, holding off deciding until the issue has been fully considered, and assigning responsibility for follow-up.



## ACCOUNTABILITY

A high quality board makes its decisions when it meets. It should not merely use board meetings to report on decisions that have already been made. It should also be decisive and follow up whether execution happens and whether reality bears out the assumptions made.

Perhaps most importantly, it must be accountable.

## **KEY INSIGHT #4**

# **TO ACHIEVE GROWTH, YOU NEED THE RIGHT CULTURE**

**BY PROF DIRK BUYENS**



# TO ACHIEVE GROWTH, YOU NEED THE RIGHT CULTURE



In business, there are three types of people:

**GIVERS, TAKERS** and **MATCHERS\***.

- A **giver** interacts with the world by saying: “What can I do to help you?”
- A **taker** says: “What’s in this for me?”
- A **matcher** seeks equilibrium and justice and will say:  
“OK, I’ll help you... but what are you going to do for me in return?”

This is important in business environments because the types of people you have in your teams will either drive – or restrict – your ability to grow.

High performers are nearly always givers. Yet so are low performers.

Givers can be like gold dust in your organisation – the most productive, innovative and highly achieving people you’ll employ. But all that giving can take its toll and givers can burn out quickly – or just be walked over and become demoralised.

\* Read Adam Grant’s excellent book on *Givers and Takers*.



# TO ACHIEVE GROWTH, YOU NEED THE RIGHT CULTURE

So the key to high performance - and high growth - is to create environments where giving is safe and protected, where asking for help is the norm and where givers know it's OK to receive help too. You also need to weed out the takers.

When you achieve this, you're beginning to redefine success, so that it's all about contributing and creating - rather than competing and defeating.





## KEY INSIGHT #5

# INCENTIVISING FOR GROWTH

BY PROF VERONIEK COLLEWAERT AND PROF XAVIER BAETEN

# INCENTIVISING FOR GROWTH

Sustainable growth is only achievable if you can attract and retain the people who will take your organisation forward. And remuneration and benefits can be a large part of what motivates your teams to give their best performance.

When you're considering an approach to remuneration, it's useful to keep these five pillars in mind.

## FIVE PILLARS

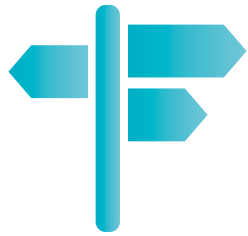
**REWARD  
PRINCIPLES**

**REWARD  
GOVERNANCE**

**REWARD  
CRITERIA**

**REWARD  
MIX**

**REWARD  
POSITIONING**



## REWARD PRINCIPLES

Underpinning your approach to remuneration should be a set of principles – or a philosophy. Of course, you need to be able to afford what you plan to offer your teams, but you also need an understanding of what drives your approach to pay. Factors could include co-ownership, performance-based differentiation, tax optimisation and pay equality in your executive team. Different organisations have different approaches. The important thing is to know what your approach is and why you have it.

REWARD  
PRINCIPLES

REWARD  
GOVERNANCE

REWARD  
CRITERIA

REWARD  
MIX

REWARD  
POSITIONING

# INCENTIVISING FOR GROWTH



## REWARD GOVERNANCE

To be able to use remuneration as a strategic tool, you need to understand the effects it has in your organisation. You can achieve this by taking a number of metrics into account. These could include benchmarking, performance evaluation and KPIs. To set up and implement a governance approach, you may need to work with external consultants.

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CRITERIA

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MIX

REWARD  
POSITIONING





## REWARD CRITERIA

How do your teams qualify for increases, bonuses and additional benefits? Different organisations prioritise different KPIs – which can include anything from increased profits and sales, all the way through to improved safety and efficiency, R&D innovations and improved environmental impact.

REWARD  
PRINCIPLES

REWARD  
GOVERNANCE

REWARD  
CRITERIA

REWARD  
MIX

REWARD  
POSITIONING

# INCENTIVISING FOR GROWTH



## REWARD MIX

Your organisation's stage of growth and maturity is likely to have a direct bearing on your reward mix. In its start-up phase, your company might not offer huge salaries – but it could offer longer-term benefits like a stake in the business.

As your business becomes more established than a start-up, you may need to increase pay, benefits and non-financial rewards – and introduce a greater mix.

REWARD  
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CRITERIA

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MIX

REWARD  
POSITIONING



## REWARD POSITIONING

Many organisations benchmark their salaries every three years or so. Some never do it – but if you want to attract and retain the very best people, it’s worth making sure that their conditions stand up to comparison with the rest of the market. Again, this is an area that external consultants can help with.

REWARD  
PRINCIPLES

REWARD  
GOVERNANCE

REWARD  
CRITERIA

REWARD  
MIX

REWARD  
POSITIONING

A compass with a black face and silver casing is the central focus, resting on a blurred financial spreadsheet. The spreadsheet contains various numerical values, some in green and some in black. A large green and blue geometric shape, resembling a stylized arrow or a large 'V', is overlaid on the left side of the image. The compass needle points towards the top-right, indicating a direction. The overall image conveys a sense of navigation and direction in a financial context.

## KEY INSIGHT #6

# DEVELOPMENT AND SUPPORT FOR GROWTH

# DEVELOPMENT AND SUPPORT FOR GROWTH



The business world we all operate in is changing more rapidly than ever before. New technologies, globalisation and increasingly savvy customers present us with new challenges every day. That's why so many high growth businesses choose to partner with Vlerick Business School.

We give you the **insights**, **skills** and **tools** to keep your business at the cutting edge - and the contacts and network to help you excel. If you're looking for a partner who'll challenge your thinking and help you take your business to the next level, give us a call.



# DEVELOPMENT AND SUPPORT FOR GROWTH



Discover our programmes in entrepreneurship:

- SME Challenge
- SME Excellence
- Families in Business
- Entrepreneurship 2.0

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