Tim Ferriss Explains How to Scale Your Business in 3 Steps

This year, BestSelf.Co was among the winners of Shopify's first Build a BIGGER Business competition. Singled-out for our innovative marketing of the SELF Journal (our flagship product and bestselling success tool), our prize included a week of mentoring with a few big names on Tony Robbins' Fiji hideaway.

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This is what Tim Ferriss taught us about rapid, sustainable scaling during our one-to-one session.



Image credit: Courtesy of Allen Brouwer and Cathryn Lavery

1. Confirm your endgame.

Ferriss started out by telling us that because he didn't know a lot about our business, he was going to ask questions and then pull on the threads to extract the information he needed to advise us. We loved this approach because his sharp questions got us thinking, helped us get clarity and unlocked new trains of thought.

Just like in our one-to-one with Robbins, we talked with Ferriss about the importance of our big picture scale strategy – in particular figuring out our endgame. Ferriss stressed the importance of understanding the ultimate goal for our business, and in particular, understanding what company we need to be if we want to do an exit.

It’s only when you’re clear on your destination that you can plan a scale strategy to get there. For example, building a company to sell requires a different approach to growing a business that supports a lifestyle.

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2. Learn how businesses grow extremely quickly.

Once you’ve identified your endgame, the next step is to figure out what strategy will help you get there.

We talked with Ferriss about how many entrepreneurs see investment as the perfect solution. However, Ferriss warned us to be cautious about seeking early investment. He told us that investors often expect a 10-fold return, which makes investment the most expensive cash. What’s more, not only will you give up equity (and therefore control over your business), but you’ll feel more pressure because of the expectation to deliver. It’s why you pay a very high price for the cash that you secure – especially when you consider the other options that you have.

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Instead, Ferriss suggests exploring alternatives to investment first so you can grow your business the way you want.

He also revealed the three stages that companies can go through to secure rapid growth.

Bootstrapping

This is where most of us start. You have an idea that you want to bring to market quickly so you can test it and see if it’s

got potential. For this stage of growth, crowdfunding is the perfect scale strategy because it allows you to prove an idea rapidly without taking a big financial risk.

Strategic advice

A fast-growing business will soon exceed the point where the founders can grow it alone. When you reach this point, strategic advisors can help you push through this growth hurdle and get to the next step. That's because the right strategic advice will shortcut your learning curve and become a catalyst for growth.

Ferriss explained that advisory needs will vary by business, but the type of advice you can leverage includes financial expertise, growth hacking, product development or logistics experience.

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Strategic advice can be informal too. For example, Ferriss emphasized the benefit of finding people who *already* have the results you want and then arrange to meet for coffee. Use this opportunity to not only discover the strategies used, but find out whether they'd do it the same way again – or if they'd take a different approach. This, Ferriss explained, is a brilliant way to fast-track your growth.

Outside investment

Once advisors have fueled growth, the next step is to find an outside company to get to the next stage. For example, this might involve a venture capital company to fund with cash and resources or to help secure a merger with another company.

3. Overcome cash constraints creatively.

Regardless of your scale strategy, you will need cash to fund your growth and help you implement the actions necessary to take you to the next step.

Lack of cash can be a big hurdle for growing businesses, but fortunately, there are plenty of creative options you can explore before seeking investment and sacrificing equity.

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Here's a summary of the ideas that Ferriss suggested to us:

Kickstarter and crowdfunding

This cash strategy launched BestSelf.Co. In fact, Kickstarter was a game-changer for us. Not only did we have proof of concept, but we secured over $320,000 to help create our first delivery of SELF Journals.

Creating a new revenue stream

Introducing a monthly subscription model is a smart strategy for any growing business. It's a long-term strategy too. That's because as well as creating a regular, predictable income stream, this model can help you secure a higher multiple should you wish to sell in the future.

Joint ventures

Working with someone else (who already serves your ideal client) is a quick and effective way to build your audience and create a greater pool of potential customers.

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Selling your invoices

Financing your invoices is a flexible way to generate cash now. It can be useful if you want to boost cash flow immediately so you have the money you need to get your scale strategy moving.

Bank loans

Interest rates are relatively low right now, which means you could secure the cash you need without sacrificing any equity.

Apply Ferriss's advice to your business:

Our one-to-one with Ferriss was invaluable for helping us to figure out our plan of action for our next stage of growth. In terms of Ferriss's three scale strategies, we're currently at the stage where we need strategic advice. So, since returning from Fiji we've been figuring out what help we need to help accelerate us to the next step.

Here's an overview of how Ferriss's advice to us could help you, too:

1. Firstly, get clear on your endgame. You need to understand your desired destination before you can craft the scale strategy that will get you there.
2. Next, figure out whether you need to bootstrap, hire advisors or build relationships with outside parties to get to the next stage of growth.
3. Finally, get creative with your financing options. Remember, investment may look attractive, but there's a good chance other creative cash routes will serve you better at this moment in time.

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