Eight rules for business growth from  Steven Bartlett

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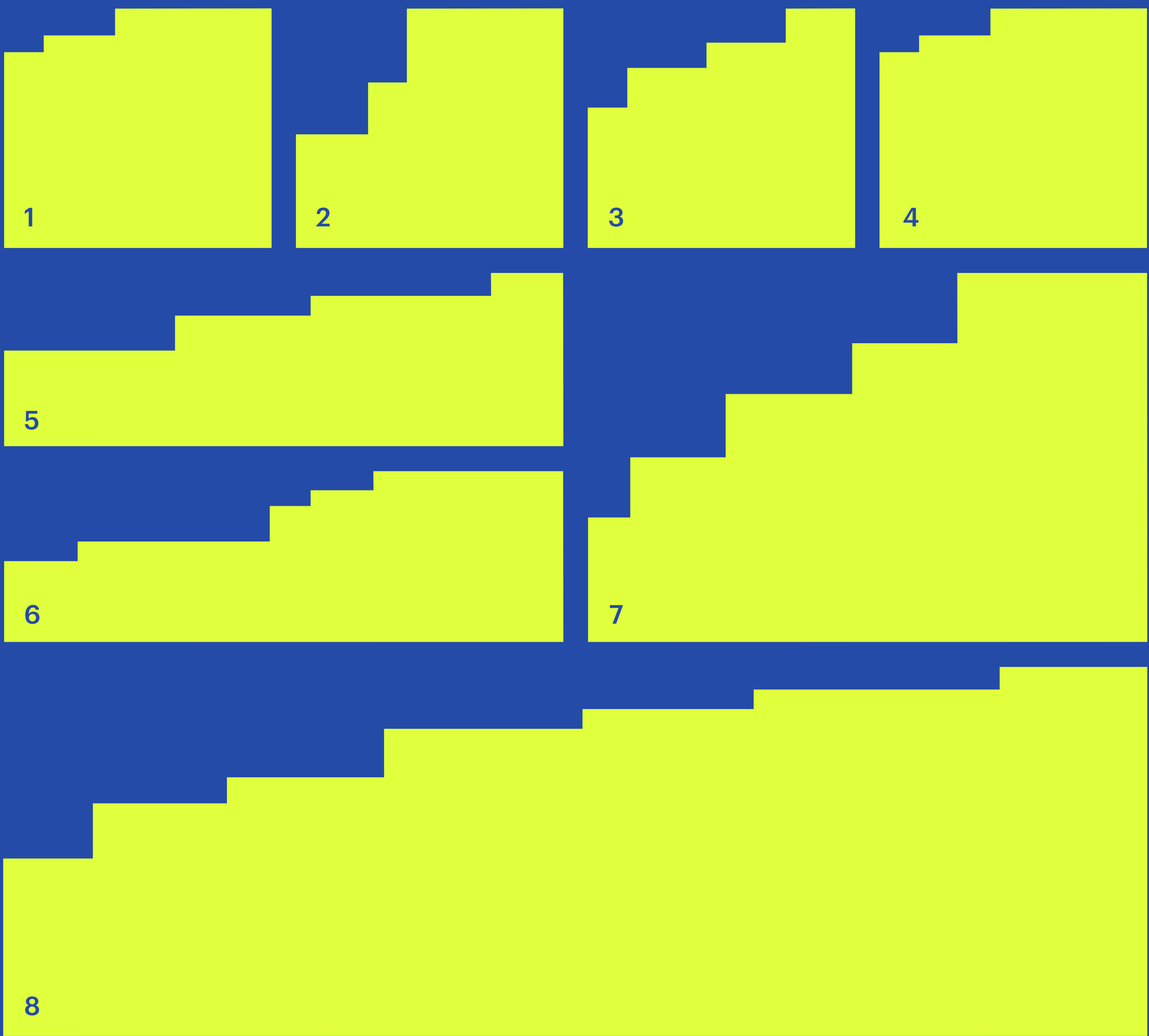

There's a tier of commercial success where your name becomes synonymous with 'entrepreneur'. Think of Elon Musk, Gary Vaynerchuk or Oprah. Over the last year, Steven Bartlett has started to approach that realm.

He is, seemingly, everywhere: Trending on Twitter, topping the podcast charts, being an investor on Dragons' Den, making seven-figure investments and founding new businesses. Look at Steven Bartlett now and we only see success.

But the story is so much more complex and bumpy. Of course, any entrepreneur already knows building a company and a legacy can be daunting, exhausting and, just sometimes, downright unglamorous.

Luckily, it's also deeply fulfilling and filled with joy. Steven speaks candidly about both sides of entrepreneurship. That's why Osome invited him to deliver practical advice and insights exclusively to Osome small businesses.

In his masterclass, he offered a candid and thrilling playbook for making business pay in 2022. Let's get after it.

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I made a choice when I left university. I could've partied and gone on lad's holidays.

But I decided that something else would make me more fulfilled. It wasn't a sacrifice, it was a choice I made.

01

Rapid growth and cash flow crises

Social Chain's growth story was stratospheric. But explosive growth isn't inherently positive, as Steven notes. He recalls a few instances where the company's growth meant a shortfall in liquidity.

"In a month, you could be invoicing for three million pounds. But in the bank, you might have only a million. And you'll have outgoings like perhaps you'll have a major campaign with a brand where you need to put cash down upfront.

A cash flow shortage is particularly painful since it can lead to pretty much every business owner's worst nightmare: Not being able to pay your people.

Three tips for entrepreneurs:

1. Forecast your cash flow. There are numerous tools you can use to do this. If you have an accountant, they can help. Cash flow forecasting allows you to plan your growth in a structured way, avoiding the 'poverty amid plenty' paradox of a cash crunch.

2. Consider getting an overdraft, just in case. While many entrepreneurs are cautious about debt, an overdraft facility is a safety blanket that allows you to make payroll even when cash is tight.

3. Remember your outgoings when you take on new business or clients. Many campaigns or new products lines will require you to front some cash. This is fine – but don't let the excitement of new business eclipse your wider cash commitments.

> "If you grow too quickly, no matter how much money you're bringing in, you can experience a cash crunch. You're paying costs before you get paid. You can have a cash crunch if you're turning over £100m if you don't have a debt facility. And we didn't have a debt facility until year four or five.

02

One-off work is your arch-enemy

Steven's customer acquisition focus is always recurring work. Now, as a big name and the host of a huge podcast, he can pick and choose who to work for and for how long.

As a result, he shuns one-off or short term work. "If someone wants to sponsor my podcast for a short period, I won't even have the conversation. I need to be able to predict our revenue and plan."

Admittedly, this ethos is a luxury. And Steven is frank about the reality when your business is in its infancy or still developing. Embrace it as part of the journey. As Steven says, "At the start at Social Chain, we did a lot of one-off work and that was the basis of our long-term success."

But put a laser-like focus on locking clients in. New business is great — but recurring business is king. Once you have stability, you've got a platform for growth.

> "The enemy of my business is a one-off campaign or any client not on a retainer.

Three tips for entrepreneurs:

1. One-off work has its use, especially in your early days. Perhaps you've got something to prove or it's a new product area that clients are unfamiliar with.
2. But remember, recurring revenue is where it's at. Recurring work lets you plan and predict your growth path.
3. Once you have the luxury of choice, don't be afraid to turn down one-off work. Steven doesn't entertain short-term work at all. While it's a necessary evil at first, it should be avoided if at all possible.

03

Use debt in a deliberate way

Steven Bartlett's credit has only been good for about a year. Up until recently, this multi-millionaire was using £200 limit credit-builder credit cards. "I destroyed my credit when I was 18. I think my credit score was like 20 [out of 999].

"I had to learn to live personally - and also in my business - without debt or credit." His bad credit haunted him throughout his career. Steven's name was never on credit agreements at Social Chain, for example.

But the situation has also had an upside. By using credit builders and being forced to engage meaningfully with debt, he improved his understanding of the credit system. "I was using these credit builder cards to pay for things and paying it off," he explains. "I was checking my credit score, learning the ropes of how the credit system works."

Even so, being forced to remain debt-free has had an impact on his perspective. "I don't love corporate debt, ever," he says, bluntly. Even when Social Chain became a 400 person company, Bartlett preferred to rent office space, rather than get a mortgage.

> I value my money being deployed in other places where I can get greater returns. Especially in the early phases of the company since you don't know how you will grow.

Three tips for entrepreneurs:

1. Make sure debt is appropriate for your business, at your particular stage of development. As Steven notes, for example, buying office space or premises might not make sense if you have high growth ambitions.
2. Don't passively accumulate debt. Understand the mechanics of the credit system and the different financial products on offer to you. Ultimately, any credit provider is making money from their loan — how are they doing this and how can it affect you long term?
3. But also don't fear debt unnecessarily. There is such a thing as 'good debt'. "It takes money to make money", as the saying goes. If the debt helps you generate income and invest, then that can be considered positive.

04

Employees who act like owners

As business leaders, we want our employees to take ownership. Ownership of their output, ownership of results and ownership of mistakes. But how do you cultivate this sense of proprietorship?

Steven's answer is simple: Give people ownership. Literally.

A sense of ownership is an outgrowth of actual ownership. Steven's tactic has always been to make a business's success feel 'real' to employees. Equity is an easy way to do that.

Of course, it can be overdone. Steven is careful to note that his equity sharing is with founding employees. He's also more bearish about handing over equity to investors. "There have been instances where I've handed over too much control," he admits.

Investors can slow down reaction time, which is at odds with Steven's more entrepreneurial instincts. "It is the primary reason why I exited Social Chain in the end," Steven says. "Things were moving too slowly."

> "Every business I've founded, I've given up equity. I founded a company called Flight Story last year. I hired ten people and an MD. To incentivise these people, I gave 40% of the business to the founding team. I want the people around me to act like owners.

Three tips for entrepreneurs:

1. If you want to instil a sense of ownership among employees (particularly founding teams), then give people ownership. Sharing equity gets people to "act like owners", as Steven says.

2. Steven gave 40% of his equity in Flight Story (his latest venture) to the founding team and managing director. This is a high amount, so decide what you're comfortable with. **The standard stake per founding employee** is between 1% and 2% (depending on seniority).

3. That said, there is of course such a thing as over-sharing. As an owner, you might want to move quickly. Share too much equity, then it can become a 'too many cooks' situation. Especially if you give equity to investors.

05

Your biggest investment: Time

Talk about 'investment' in a business context, and your mind will immediately leap to money. That's not incorrect, of course, but it can overshadow another critical investment: Time.

'I think about my time as an investment of an hour. My time, that one hour, is better spent getting the greatest return," Steven explains. "I ask my team this question all the time.

Early on in his career, Steven naturally rolled his sleeves up and helped across the business. But as his personal brand grew (along with the company), he became more focused on impact.

Instead of direct selling, his time – that one hour – is better utilised "meeting the global marketing team at Coca-Cola" or "speaking on stage". Choices around where your energy is used must be made. And the potential impact is a powerful framework for deciding.

> Ask yourself: Based on one hour of your time, where can I return the biggest impact? If you think about that every day, it's a great filter.

Three tips for entrepreneurs:

1. Think about your time in one-hour blocks. As a leader, where will one hour of your time yield the biggest result? Go for things that amplify your impact, and delegate things that have a smaller yield.

2. In the early days of a business, it's not always possible to avoid being a jack-of-all-trades. But focus on lessening this sort of reactive work over time. The goal is to be more strategic about your impact.

3. A strong personal brand is an integral component of being a big hitter. Steven built a profile on social media, by doing PR and by speaking on stage (sometimes even paying to do so). Once you have a profile, your potential impact multiplies.

06

Be a peacock, not a door-to-door salesperson

Steven's focus has always been on inbound leads. He aims to be "a peacock or a magnet", rather than a door-to-door salesman. Social Chain never had a sales team in the traditional sense.

Speaking on stage, in particular, is Steven's secret sauce. "In our first year, it was responsible for 70% of our revenue." In the early days, that sometimes meant paying for speaking slots.

His speaking engagements fed into his personal brand, which led to PR opportunities and an enhanced social presence. "With these four drivers, we never needed a sales time because my phone rang all the time."

> "There are four key drivers in b2b sales: Speaking on stage, personal branding, PR and social media. we never had a sales team until I left.

Three tips for entrepreneurs:

1. Social Chain never had an outbound sales team, despite nine-figure revenue. Instead, the focus was always on attracting new customers by speaking on stage, personal branding, PR and social media.
2. Steven's advice is to view your business like a building or a castle. If you build something that looks appealing, that looks interesting, people will approach you. It's a more sustainable alternative to the feast and famine of outbound customer acquisition.
3. Building a brand can be unglamorous at first. Steven paid for speaking engagements and says that he "begged" for PR. He filmed LinkedIn videos after a long day of work. All of this paid off in the long run.

07

Leave the accounting to others

Ask Steven about his biggest weakness and he answers quickly: “Operational stuff”. As a leader, he has learned to effectively outsource or delegate it to others.

In Steven’s case, the blindspot is covered by his brother Jason, who is a “genius mathematician”, he explains. The rest of us might not be so fortunate to have a numbers-inclined sibling – so that’s where an accountant becomes essential.

A good accountant will limit your exposure to the nitty-gritty, operational details. You will get all the information you require – but without being slogged down. “All the things I’m bad at, are things I don’t enjoy,” Steven says. “I focus on my strengths, rather than trying to fix my weaknesses.”

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> I don’t want to get involved in financial accounting. It’s not my bag. So I always make sure that blind spot iscovered by people I can trust.

Three tips for entrepreneurs:

1. Like many entrepreneurs, Steven resents the "operational stuff" and financial accounting. Luckily, you can limit your exposure to these things. Cover your blindspots with someone you can trust (like an accountant).

2. Steven prefers to sharpen his strengths rather than improve his weaknesses. By outsourcing operational work to others, his focus on his strengths (and improving them) are undeterred.

3. But don’t alienate yourself entirely from the numbers. These figures are the lifeblood of your business. A good accountant will take the stress away from doing this vital work – but will also keep you abreast of what’s going on.

08

The mindful entrepreneur

The adage is that adversity does not build character, it reveals it. Money, according to Bartlett, has a similar revealing quality. Once cash starts coming in and you become more comfortable, money may warp your self-perception.

All the qualities that brought you success (self-awareness, humility, hard work, etc.) can be flushed out with an infusion of cash. It dulls the hunger pangs for success that drive a great entrepreneur.

Bartlett advises heavy caution when things start going well. He focuses on keeping rooted. "The perspective I have on myself hasn't changed. I'm observing my life in the third person. I'm not internalising it so much."

And when success starts coming, you need to be even more deliberate about "caring more than anyone about the one percent improvements, obsessing about data and details.

"When you're number one, you should become even more obsessed."

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> **Money has not had the impact you would expect. If you predicate your happiness on the money, it can bring out your dark side when you get it. All of your insecurities will be unleashed.**

Three tips for entrepreneurs:

1. Becoming wealthy is great. But don't expect that wealth will paper over the cracks. Money tends to exacerbate our weaknesses and shortcomings. Are you personally prepared for success?
2. Take a birdseye view of your life and your business. Steven speaks of viewing his life almost in the third person. He aims to remain as objective as possible, so he's more able to identify his faults.
3. Don't rest on your laurels! When success comes, maintaining it is even harder work. You need to focus on the "one percents" even more. When you're on top, that's when you should be even more obsessed.