

CBDC Business Start-Up Course

Lesson Thirteen – Top Line Growth

**Presented by Community Business Development Corporations and
Women in Business New Brunswick**



Community Business Development Corporation
Corporation au bénéfice du développement communautaire



Women in Business
Femmes en affaires
New Brunswick | Nouveau-Brunswick

What is Business Growth?

The process of improving a metric of an enterprise is Business growth. It can be achieved either by boosting the top-line (revenue) of the business with greater product sales or service income, or by increasing the bottom-line (profitability) of the operation by minimizing costs.

Strategies to Increase Your Top-Line

The top-line is a company's revenues or gross sales. Therefore, when a company has "top-line growth," the company is experiencing an increase in gross sales or revenues.

There are many strategies you can employ to expand your business. Here are a few:

Market Penetration

One growth strategy in business is market penetration. A small company uses a market penetration strategy when it decides to market existing products within the same market it has been using, to take a bigger piece of the pie. The only way to grow using existing products and markets is to increase market share. Market share is the percent of unit and dollar sales a company holds within a certain market vs. all other competitors.

Market penetration requires strong execution in pricing, promotion, and distribution in order to grow market (Meaning to sell more of the same product to the same market.).

One way to increase market share is by lowering prices. For example, in markets where there is little differentiation among products, a lower price may help a company increase its share of the market.

Market Expansion or Development

A market expansion growth strategy, often called market development, entails selling current products in a new market. There are several reasons why a company may consider a market expansion strategy. First, the competition may be such that there is no room for growth within the current market. If a business does not find new markets for its products, it cannot increase sales or profits.

A small company may also use a market expansion strategy if it finds new uses for its products.

For example, if you presently manufacture skin care products that you sell in your own retail

business and you would now like to get that product into other retail locations in New Brunswick.

Product Expansion

A small company may also expand its product line or add new features to increase its sales and profits. When small companies employ a product expansion strategy, also known as product development, they continue selling within their existing market. A product expansion growth strategy often works well when technology starts to change. A small company may also be forced to add new products as older ones become outdated

For example, if a skincare products manufacturer would add a line of makeup to their selection of skincare products. The sale of makeup products would be to the same market.

Diversification

Growth strategies in business also include diversification; where a small company will sell new products to new markets. This type of strategy can be very risky. A small company will need to plan carefully when using a diversification growth strategy. Market research is essential because a company will need to determine if consumers in the new market will potentially like the new products.

For example, if the same skincare company that introduces a make-up line, also sells the product to a larger market. This may include selling online or exporting products/services into other countries. It may also mean becoming part of a supply chain.

Did you know that Women in Business NB has a Development Officer who specializes in the export and international trade sector?

Acquisition of Other Companies or Mergers

Growth strategies in business can also include an acquisition. In an acquisition, a company purchases another company to expand its operations. A small company may use this type of strategy to expand its product line and enter new markets. An acquisition growth strategy can be risky, but not as risky as a diversification strategy.

One reason is that the products and market are already established. A company must know

exactly what it wants to achieve when using an acquisition strategy, mainly because of the significant investment required to implement it.

Lesson Thirteen of the CBDC Business Start-Up Course has covered the topic *Top-Line Growth* and touched on the subjects of: market penetration, product expansion, diversification, and acquisitions or mergers. The next lesson in this part of this course is *Lesson Fourteen – Bottom Line Business Growth*.