



2024 | RESEARCH
REPORT

**ARE YOU
READY FOR**

THE GREATEST LEAP?

MENZIES
BRIGHTER THINKING

Having helped hundreds of business leaders accelerate their ambition at every stage, we understand that the jump from medium-sized to large involves an overhaul of almost every aspect of how your business operates. Every stage presents its challenges, but the transformation from medium-sized business to an established larger enterprise is the most difficult – it is why we call it **The Greatest Leap**.

Making The Greatest Leap:

How to accelerate your business ambitions

“

In the life of any business, and indeed any leader, there are moments that challenge us to adapt, innovate, and rise to new heights. Every stage presents its challenges, but the transformation from medium-sized business to an established larger enterprise is the most difficult – it is why we call it **The Greatest Leap**.

As Managing Partner at Menzies, I have had the privilege to see countless businesses and leaders undergo transformative growth, and I never underestimate the resilience it takes to see this through.

During periods of economic uncertainty, leaders must work hard to achieve their ambitions, forcing themselves to look beyond the day-to-day challenges and carve out a detailed roadmap of how to reach the next stage in their business' evolution. When we succeed in tough conditions, the good times allow for rapid progression and seem much more straightforward.

At Menzies, we understand the intensely human side of this journey. It is not just about figures and projections; it is about the people behind the business - their dreams, aspirations, and determination to succeed. This is why our role extends far beyond just the numbers and spreadsheets. We are partners in our clients' growth stories, providing strategic advice, tailored solutions, and unwavering support every step of the way.

I hope that this guide to **The Greatest Leap** will prompt you to take a pause, look to the long-term and help empower you to navigate the next stage of your growth journey with confidence.

Our team of sector specialists have helped numerous businesses with their challenges before, during and after making the Leap - with expertise, insight, and a commitment to their success.

Let's take The Greatest Leap together.”



SIMON MASSEY
MANAGING PARTNER, MENZIES LLP

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BRIGHTER THINKING

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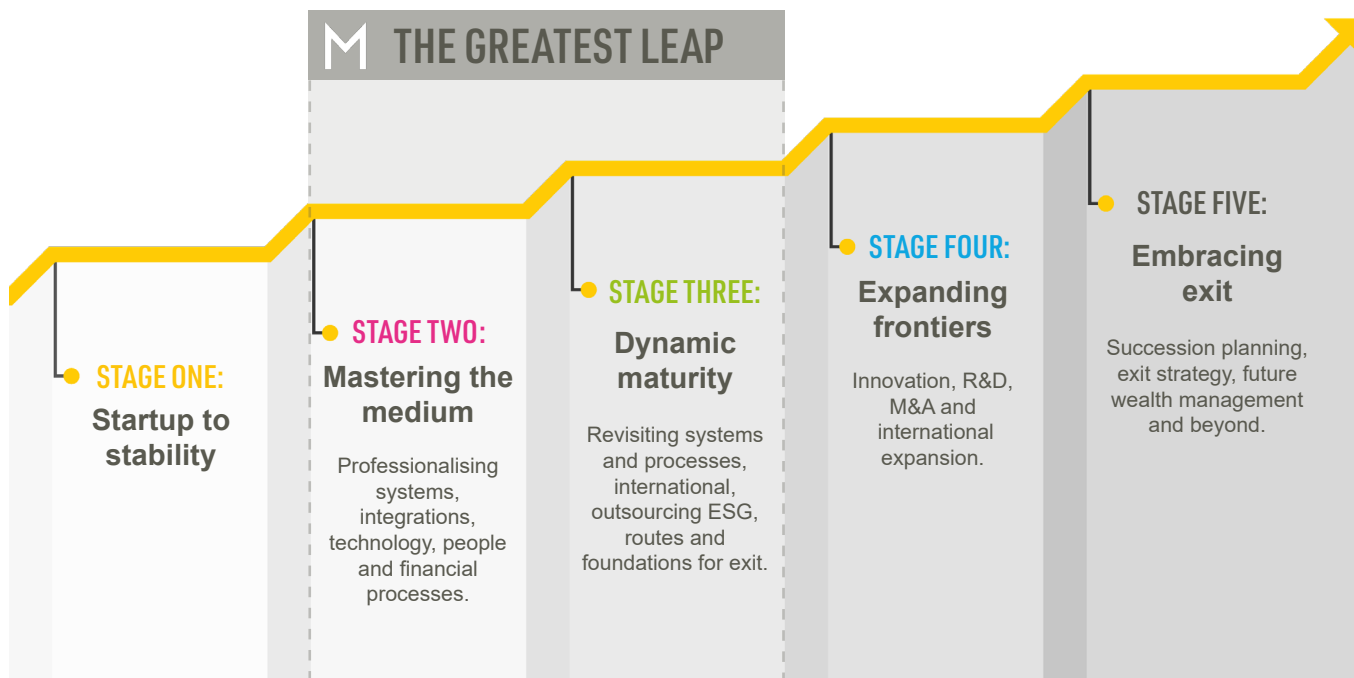
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WHAT IS THE GREATEST LEAP?

Having helped hundreds of business leaders accelerate their ambition at every stage, we understand that the jump from medium-sized to large involves an overhaul of almost every aspect of how your business operates.

The Menzies business growth trajectory:



It is more than just a numerical increase in revenue or workforce size. It requires a fundamental shift in mindset, strategy, and operations, for you and all your employees. What once worked when you were a small to medium-sized enterprise (SME) will no longer suffice as you grow into a larger, more complex business.

Navigating these complexities while remaining agile and innovative enough to respond to challenges is no small feat – it takes great tenacity, trust, confidence and bravery from you and your employees alike.

In many ways, it is **The Greatest Leap** you can take as a leader. Not only does your business need to change, you do too. You need to be willing to make tough and sometimes unpopular decisions, take calculated risks, and step out of your comfort zone. Every leader needs to evolve if their business is to evolve, and we frequently find that can be the most difficult leap of all.

At Menzies, we have a thorough process to strategically assess where our clients currently sit on the way to The Greatest Leap. The below provides an outline of what we look at as part of that process:

PLANNING

Strategic planning becomes increasingly complex as businesses scale.

How much quality time are you spending identifying new growth opportunities? Do you have a long-term plan for the funding and finance that your company will need in order to meet your growth targets? Do you have a process in place to develop, refine and hold yourself accountable against a rolling 5-year plan?

PERFORMANCE

Maintaining operational excellence and financial discipline is essential for sustainable growth.

Have you established robust systems for financial oversight, strategic planning, and performance measurement? Is your business leveraging technology and expert external guidance to optimise performance and mitigate risks?

PEOPLE

As businesses mature, they need to cultivate and create a motivated senior leadership team with the skillsets and large-company experience capable of moving your organisation to the next level.

Are you hiring the right talent and succession planning within your teams? Are you investing in creating a distinct company culture and fostering collaboration and accountability? Leaders themselves must also undergo a personal transformation. Is it time for you to start relinquishing sole control of certain operations or functions and instead better empowering your senior leadership to take ownership?

To fully understand the challenges being faced in each of these three areas in today's challenging UK economic climate, Menzies commissioned an independent research study with 500 UK CEOs, MDs, COOs and founders, 250 of whom are 'pre-Leap' in medium-sized businesses and 250 'post-Leap' in large organisations. The medium-sized businesses had between 50 and 249 employees and/or turnover of between £10.2m and £36m. The large businesses had 250+ employees and/or turnover of £36m+.

Our study reveals six key crises that business leaders typically face at the time of **The Greatest Leap**. We will be taking a deeper look at each of these in the following chapters:



**CRISIS OF
CAPITAL**



**CRISIS OF
SHORT-TERMISM**



**CRISIS OF
LEADERSHIP**



**CRISIS OF
CULTURE**



**CRISIS OF
RESILIENCE**



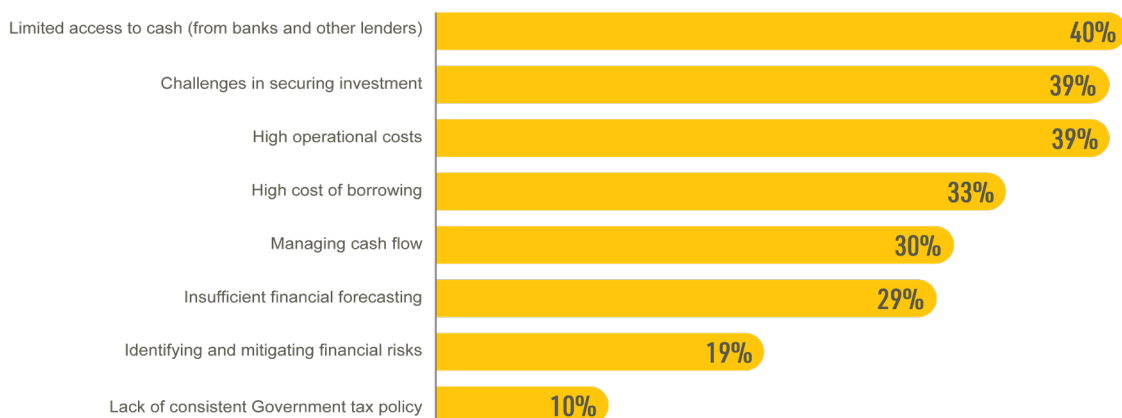
**CRISIS OF
GLOBAL AMBITION**

CRISIS OF CAPITAL



It will come as no surprise that capital is a key hurdle when making the Leap: our study finds almost **1 in 5 business leaders claim finance to be their number one barrier to growth**. Nearly all business leaders (96%) we surveyed who had made the Leap to a large business stated they had faced a range of financial hurdles. It is clear it is not just startups and scaleups who face challenges with ensuring their financial planning and operations are fit for purpose and future-proofed.

Percentage of post-Leap leaders that say these financial barriers were a challenge:



Without robust financial processes and efficient systems that streamline financial management, as well as a trusted finance team, leaders can be dragged from one distraction to another, making it harder to focus on strategy and growth.

Looking at medium-sized businesses about to make the Leap, 21% of their leaders cite financial management and budgeting as their most significant distraction from their core role as a business leader and strategic decision maker. We too often see businesses grappling with systems and processes that they have outgrown, which can prevent proactive decision-making.

To effectively make the Leap, it is key to turn your financial operations from a barrier that you struggle to overcome, into your most valuable weapon in shaping the strategy and profitability of your business. It is not something that you can do alone, we advise business leaders to work closely with your internal finance function and your external accountancy and advisory partner.

PREPARING YOUR FINANCE TEAM TO MAKE THE LEAP

- Your CFO or FD should be working with your accountancy partner to get integrated cash flow models in place using past, present, and future financial data.
- Financial teams need to be updating and revisiting these cash flow models at least monthly to give you the latest information to make decisions with.
- As a CEO, ensure you conduct financial wargaming with your CFO and accountants every six months, using these forecasts and accurate data models.
- Early warning systems need to be in place to detect shifts in customer behaviour, payment trends, or market dynamics. You should not have to make big, urgent decisions when cash flow fails if small changes could have been made earlier.
- Procurement, accounts payable and accounts receivable need to work together to boost cash flow – the combination of being leaner with inventory management and holding, accelerating collections and extending supplier payment terms by a matter of days can have an incredible impact.

PHIL WRIGHT
PARTNER, MENZIES LLP



FUNDING THE GREATEST LEAP

Preparing to make **The Greatest Leap** often means grappling with the challenge of securing adequate funding. When preparing for the move from medium-sized to large business, 40% of leaders we spoke to said they struggled to secure capital from banks and lenders, and 39% say limited investment from venture capitalists (VCs) and private investors presented a challenge.

In our experience, some businesses may claim difficulty in obtaining funding, however upon closer examination, it emerges that these challenges stem from inadequate management information and/or the lack of a robust business plan. Consequently, banks, VCs, or private equity (PE) firms are hesitant to provide funding or invest, as they may lack confidence in the business's current financial status, let alone its future trajectory.

In addition, many businesses are overlooking potential funding avenues, often due to misconceptions or unfamiliarity with the options available to them. PE stands out in particular as one of these overlooked opportunities. Despite its potential to accelerate growth and provide strategic expertise, some business owners might be hesitant due to

a fear of losing control. There are many myths and misconceptions around PE firms having a laser-focus on short-term gains, but most are primarily looking to collaborate with businesses poised for long-term success. We have seen countless examples where, through this type of partnership model, businesses can leverage both the expertise and resources of PE to accelerate growth.

However, it is crucial to keep in mind that each sector comes with its own financing landscape, with certain options better suited to specific industries. For asset-rich sectors like manufacturing, transport and logistics, traditional bank debt and asset-based lending offer viable solutions. In these industries, businesses can leverage their assets to secure finance, providing funders with security that their loans can be repaid. Conversely, technology and other 'asset light' fast growing industries may be more suited to options like PE if their success hinges more on innovation and market adoption than on physical infrastructure.

Of course, while it is crucial that you have an understanding and oversight of the overall vision, it is also important that you can delegate the intricacies of fundraising to a capable Finance Director or CFO, as well as external advisors such as accountancy and legal experts, who

39%

of business leaders found access to funding a major financial barrier to achieving their ambitions. Having a deeper understanding of your business' strengths, prospects and available sources of funding can help.

have the financial information that underpins the funding case.

Ideally, these would have dedicated corporate finance or deal advisory teams with experience in raising funding to assist you in presenting your vision and helping you be ready for external scrutiny of your growth plans. They will be able to explore all various available funding options and align these with your own aspirations, while maintaining a keen eye on debt and investment appetites in the market in case of any shifts, keeping you in the best possible position to achieve your ambitions.



ROSS WIGGINS
PARTNER, MENZIES

FORECASTING THE FUTURE

- Task your team with a top-down audit of your current financial processes – are they fit for purpose, and where are the snags? Would they be fit for purpose when you hit your growth targets and are working with more staff, more data, and more revenue?
- The same goes for the technology your teams are using – they, and you, need the right systems in place that will enhance efficiency, accuracy, and transparency in financial management processes. Brief your finance team to make recommendations and put forward a business case for the tech they need: cloud-based accounting software, automated reporting tools, or predictive analytics platforms.
- Get a gut-check from an external voice on key decisions. A huge reason why decision-making can take so long is an underlying lack of confidence in the supporting data – is your accountancy partner party to these decisions and able to sign off the business intelligence you are using?



OLIVER FINCH
PARTNER, MENZIES LLP

CRISIS OF SHORT-TERMISM



We are in a time where markets and sectors are shifting rapidly and technology, regulation, policy and customer

behaviour are developing more quickly than ever. Given this, having the ability to see the bigger picture and look longer term is critical.

Yet our study finds many business leaders are distracted by tactical tasks and firefighting. In our study, just 44% of business leaders stated that they always felt able to focus on taking important strategic and long-term decisions in a considered way, with a range of distractions from HR to Compliance competing for this valuable head space.

Which of the following is currently your biggest distraction from your core role as a business leader and strategic decision maker?

21%

Financial management and budgeting

18%

HR and recruitment

13%

Digital transformation

11%

Regulatory compliance and reporting

- 8% Dealing with suppliers
- 7% Dealing with customers and clients
- 5% IT
- 5% Dealing with investors
- 3% Dealing with banks
- 3% Operations

It often requires a concerted effort and shift in mindset to successfully navigate The Greatest Leap. Here, Caroline Milton sets out her approach to overcoming the crisis of short-termism.

Look outwards

Aside from those trusted members of the team within your business, engaging with external advisors and industry experts can provide valuable insights and perspectives. Your accountancy advisors should play a critical role in generating long-term forecasts, analysing market size data, and conducting competitor benchmarking. Leveraging their expertise can provide invaluable strategic insights to inform your decision-making process and drive long-term growth.

Step out of the everyday

Carve out dedicated time for strategic planning with senior leaders away from the demands of day-to-day work. Regular meetings with an agenda that is strictly limited to long-term goals and, importantly,

holding these off-site, can help to provide the necessary space for strategic thinking. By stepping away from the daily grind and creating an environment conducive to those deeper discussions, you can gain clarity on your objectives.

Make innovation inclusive

Recognise that a great idea can come from anywhere: encouraging creativity and innovation at all levels can uncover new opportunities for growth. Involving employees in strategic discussions and empowering them to contribute 'blue sky' ideas fosters a sense of ownership and collective responsibility for the company's future. Celebrate and reward this type of innovative thinking and encourage younger employees to explore new ideas without fear of failure.

Hold your team accountable

Once you have your objectives and goals clear, break them down into smaller, actionable tasks that each have a clear timeline and milestones. What gets measured gets done, and regularly tracking progress with the team members leading each element ensures they are held accountable for their contributions.

A question of trust

Teams have to be trusted to take ownership of day-to-day operations to free up your time for this type of forward planning. Surround yourself with capable team members who you can delegate to, but crucially make it clear to them that you are entrusting and empowering them with ownership of that role.



CAROLINE MILTON
PARTNER, MENZIES LLP

CRISIS OF LEADERSHIP



Leaders of scale-ups tend to wear all the hats, but those that make **The Greatest Leap** successfully are those who can delegate well, and can focus their time on leading. Almost a third of leaders (32%) that we surveyed have found delegating a challenge as they have grown and developed their business.

At its core, your ability to delegate as a leader is heavily reliant on trusting that you have the right people around you in your senior management team who have the necessary skills, experience and mindset to support you and your ambitions. However, almost 1 in 3 leaders (32%) of large businesses have found it difficult to build a competent senior management team to help them grow, and 1 in 10 leaders who are currently making the Leap say getting their senior management team right is their biggest challenge of all.

We find the businesses best prepared to make the Leap are those who have spent time imagining and forecasting how their organisation will need to look at two or three times their present size. What are the structures, roles and personnel that need to be in place at each stage on that journey? At a personal level, it also requires leaders who can understand where they can deliver the most value and have the confidence to let go of tasks where they cannot. Here are some of the steps to take to avoid a Crisis of Leadership...

BUILDING YOUR A-TEAM

If you are undertaking your next phase of growth, it is almost impossible to make the right changes unless you know what you are aiming for. Enlist a business advisory partner to help you with an analysis of the skills and competencies required to take your business onward, starting with looking at your larger competitors or other comparable businesses who have reached the goals you are looking ahead to. How are they structured at a senior level, and what roles or areas of expertise do they have in place?

Once you have got a good grasp on where you are headed, it is time to take stock of where you stand. Looking at performance reviews, departmental KPIs and 360-degree feedback on key people, what are the areas where the current management team lacks expertise or experience, and where are there gaps to be filled? You will then have to weigh up how to fill those gaps, either through:

Developing your existing senior management

Sometimes it may be a case of right person, wrong role. A senior person who has been in one role for a while could in fact have the perfect skills to fill one of those gaps, and moving

them can free up a space to bring in new voices and new experience. Do not be afraid to reshuffle the deck – it could result in a much better fit while also sending the message that you value existing individuals' potential and will not shed them for a 'new model' as you grow.

Being ready for the tough conversations

As your business grows, move sentimentality to one side and be prepared to have honest conversations if needed with someone who is not in the right role. The decision will need to be taken to explore new opportunities either within or outside the company and offer support for their transition. This change can be a chance for everyone to find their best fit and thrive – it may be that the scale-up phase is where they excel, for example.

Building a succession plan

While it is of course an immediate priority to address any glaring skill gaps, it is also wise to work with your team to develop a robust 5-year succession plan that covers all business functions and is regularly reviewed and refined in line with your objectives and the talent landscape. Being proactive here, whether earmarking internal talent as successors or working with headhunters to identify external targets, will ensure continuity and

stability in leadership and avoid any undue disruption.

Bringing in new faces

Often, there might be a need to make new senior hires. Do not be afraid of changing the dynamics. Senior hires may not always be the right fit and may not stay forever, but a fresh outside perspective will encourage an honest and critical assessment of your current strategy and will accelerate innovation with an injection of external thinking and experience.

SHARING IN THE SUCCESS

Once you have your ideal team in place, think about how you are going to motivate them. For senior management, equity-based incentives can be particularly impactful. By granting them ownership stakes or performance-based share options, you can incentivise key leaders to actively contribute to the company's growth and profitability, fostering a culture of ownership and accountability.

TIM DUNN
PARTNER, MENZIES LLP



CRISIS OF CULTURE



For any business, embarking on a period of growth means striking a balance between preserving your unique culture with adapting to your new needs as you scale up. It can be difficult to remain a cohesive team while you expand and prioritise both strategic needs and your company values at the same time: over 1 in 5 (22%) leaders who are currently making the Leap say they are struggling with either adapting work practices or maintaining their employer brand as they grow.

But a workforce that is disconnected from your cultural ethos and strategic vision can spell disaster for innovation, collaboration and, ultimately, your ability to grow.

MAKING THE LEAP IN FOUR STEPS

1

Retain cultural assets during growth

For you to have reached the stage where you are looking to take **The Greatest Leap**, your company must already have valuable cultural assets. Along with your leadership team, think carefully about these elements of your company culture and values you want to retain as you grow, and equally what you are happy to leave behind. As you deploy new systems, processes and technology, ensure they enable you to retain or enhance these important elements of your culture.

3

Improve retention

A key reason why people leave businesses is because they do not feel their voices are heard or valued. If retention is presenting a challenge, listen and adapt to your people in new ways. Implement regular opportunities for feedback such as surveys, focus groups, and open meetings to gather their insights and – crucially – demonstrate a commitment to addressing their concerns or ideas promptly.

2

Meet evolving employee expectations

Acknowledge that the expectations of your business from prospective and existing employees will only grow as you do. Your leadership team must consider how you can boost your employee offering in a way that best suits your people and your culture: do they need more flexibility? Do you need a benefits overhaul? Do changes to the physical working environment need to be made? Do leaders in the business need to adapt their style and approach?

4

Embrace diversity and inclusion

Embrace diversity and inclusion as a strategic advantage – we know it drives innovation, loyalty, decision making and, ultimately, competitive advantage. Foster awareness through training and emphasise the value of varied perspectives. Implement inclusive hiring practices, ensuring vacancies reach diverse talent pools and remove biases from recruitment processes. Encourage open dialogue and the sharing of information on different aspects of diversity. Ultimately, cultivate a culture where every individual feels respected, valued, and empowered to contribute their unique talents.



ED HUSSEY
DIRECTOR, MENZIES LLP

CRISIS OF RESILIENCE



The Greatest Leap does not just involve changes for a business – a great deal of personal change is almost inevitable. Many leaders can find this shift overwhelming, with 1 in 5 admitting to suffering from imposter syndrome throughout this period of growth.

We know that nurturing the growth of a business goes hand in hand with supporting its leader. Taking **The Greatest Leap** is not just about getting the numbers and strategy right – it is also about the individuals driving that growth.

This means looking at the whole person, and taking a holistic approach that ties back to our Brighter Thinking ethos here at Menzies. Leaders need comprehensive support that encompasses personal, family and lifestyle planning as well as financial matters in order to grow with confidence and resilience.

ADAPTING YOURSELF TO YOUR BUSINESS' GROWTH

In the world of SMEs a leader is often a jack-of-all-trades, it is second nature to roll up your sleeves to tackle everything from client service to financial management when needed. Teams are more tight-knit, and decisions are often made on the fly.

As a business makes the Leap to large, a fundamental shift is needed in your approach to leadership – it is a whole new ball game. Yet many leaders are not taking that jump with their business: many are keeping hold of too much work and unsurprisingly feel overwhelmed by the sheer volume of decisions they face every day. Our survey found 42% are finding it tough to refocus their responsibilities as they grow, and 88% believe that their businesses would grow faster if they could create more time and headspace for strategic thinking.

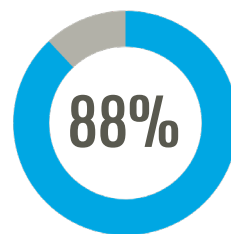
Having worked with many high-growth businesses, one of my most crucial pieces of advice to leaders is always to work with their leadership team to identify the areas and activities that genuinely drive growth and return on investment (ROI), and channel their attention and time there.

It may feel like you have to be across all elements of the business, but delegating or outsourcing tasks that are not driving those important returns will allow you to offload unnecessary burdens and focus on strategic initiatives.

The key to boosting productivity

Understanding how you spend your time is key to boosting productivity. A technique I advise my clients to try is simply mapping out how they spend their time each day for a whole working week. While it might seem like they are only spending a few minutes on less necessary tasks, they are often surprised at how much they build up into a significant time drain. Having an objective way to identify the distractions that can be delegated out can be very helpful.

If you are going to delegate effectively and have peace of mind when doing so, you need to build and demonstrate trust in those you are delegating to. Leaders who invest in their team's development and empower and incentivise them to take ownership of their



88% of business leaders believe that their businesses would grow faster if they could create more time and headspace for strategic thinking.

responsibilities are so much better able to focus on their own roles and responsibilities.

Finally, I know from speaking with many leaders that it can feel lonely at the top – but it does not have to be. Surrounding yourself with trusted advisors and collaborative team members who bring diverse perspectives and expertise is like having a well-stocked toolbox – each individual can serve a unique purpose and help you tackle problems from every angle.



LAURA MADELEY
DIRECTOR, MENZIES LLP

Given their struggles with adapting to business growth, it might not be a huge surprise that our research uncovered over a third of leaders have decision fatigue, and a further third say they have chronic stress and burnout.

And when you are stressed about your business, the last thing you need to be worrying about is your personal finances.

Yet our research revealed 31% of leaders admit they struggled to manage their own financial situation while they were on the journey to **The Greatest Leap**.

31%

struggled to manage their own financial situation while they were on the journey to The Greatest Leap.

MAKING THE LEAP

- Engage trusted advisors early. Bring in professionals like lawyers, accountants, and wealth managers to assist with personal financial planning. Their expertise can help you navigate the financial complexities and stay on track.
- Do not overlook the importance of tax planning. Consult with your tax advisor to optimise your tax strategy, minimise liabilities, and maximise savings. Proactive tax planning can free up resources for both your business and personal financial goals, ensuring you are making the most of every opportunity.
- It might take a shift of mindset to reconcile the importance of balancing wealth generation with wealth protection, but taking a realistic approach to your personal financial security is also going to free up your mind for business decisions.
- Think ahead. While no one wants to address wills, powers of attorney, and succession, it is never worth the risk of leaving it too late. Whether you are a seasoned leader thinking ahead to retirement or you are just getting started, take action now to secure your financial future and that of your family.
- If you are a founder, the stage where you are looking to embark on significant growth is the best time to take another look at your personal obligations with regards to the financial management of the business. For example, while personal guarantees with lenders may have been necessary earlier on, you may have the opportunity to negotiate with lenders to remove or reduce them as the business gains stability. Freeing yourself from these obligations protects your personal assets and enhances your financial stability.
- Consider establishing a family office – they are not just for the billionaire jet set or old-money families. If your accountancy firm has links with lawyers, wealth managers, and estate planners, the resource is there waiting to be used. A family office will allow your team of professionals to work together to provide comprehensive financial and personal support such as investment management, tax planning, estate planning, and administrative tasks through one point of contact, allowing you to offload this thinking and focus on both your business and personal priorities.



HELEN CUTHBERT
PARTNER, MENZIES LLP

CRISIS OF GLOBAL AMBITION



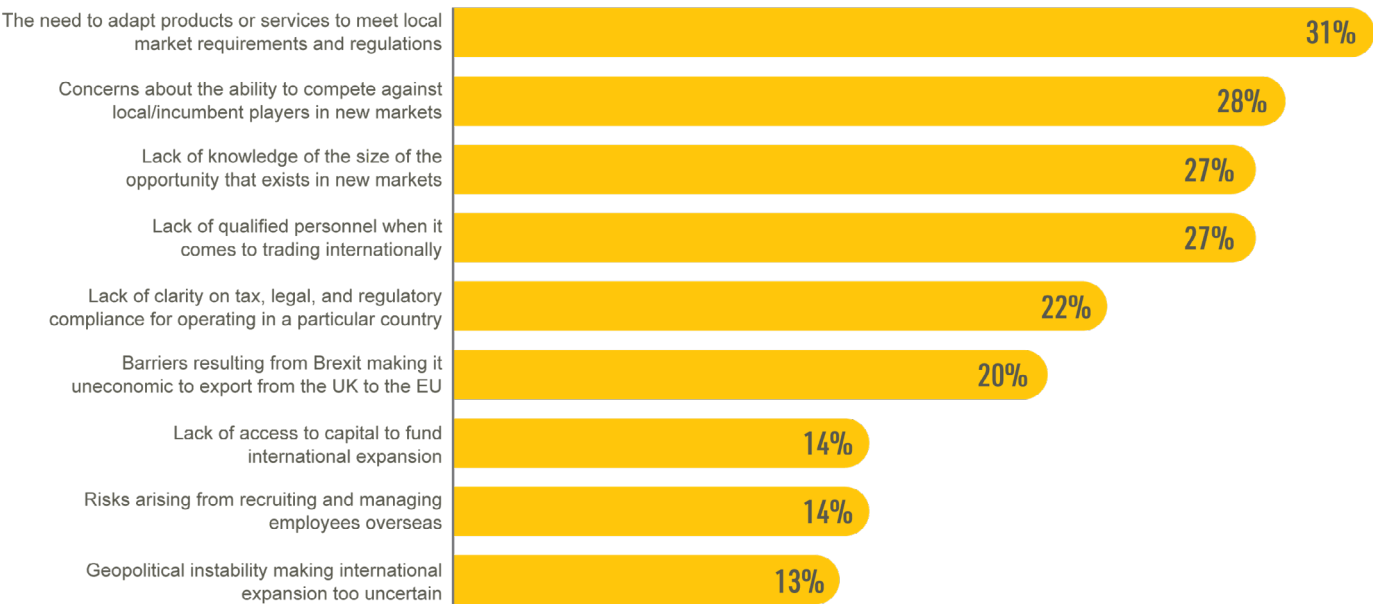
In 2023, the UK’s exports of goods and services totalled £865 billion, 41% of which still stems from exports to the EU¹. While the initial 40% plunge in goods exports to the EU² has stabilised since Brexit, there is no doubt that the ‘slow puncture’ that many economists believed Brexit would inflict has materialised and that we are still feeling the ‘hangover’.

Leaders are finding that international expansion – a significant milestone for any business – is becoming increasingly hard to achieve. Despite the opportunities out there for many, over half of the business leaders (55%) that we surveyed are either not considering international expansion or have decided against it, and only 13% are considering exporting in the next two years.

Yet despite the perceived negativity, international expansion is not an option to be dismissed: with the right help, it can be a key route to making **The Greatest Leap** to large and building scale.

96% of leaders say international expansion could be relevant to their business, so why the hesitation?

Which factors are holding medium-sized companies back from international expansion?



THE BREXIT FACTOR

From a policy perspective, addressing trade issues are a top priority for many businesses. Over a third (36%) of business leaders say the Government needs to resolve customs and clearance issues to make exports viable. A further 41% urge the Government to accelerate the signing of new trade agreements to open up markets for UK businesses.

Some go further – almost a third (31%) are advocating for reopening the Brexit deal to realign more closely with EU standards and regulations, and almost 1 in 5 (19%) are calling for rejoining the single market to help them grow internationally.

MAKING THE LEAP INTERNATIONALLY

Beyond what businesses see as the Government's obligations to fix our relationship with the EU, its duties closer to home are also under scrutiny. The lack of effective and relevant information and support from the UK Department for Business & Industry further compounds these challenges, as 32% of businesses found the department's assistance unhelpful.

While Brexit is a significant factor, the Government's role extends beyond policy adjustments. Clear, accessible, and actionable information and support is crucial for businesses looking to expand internationally. The facts, however, are that 32% of businesses who have sought support from the UK Department for Business & Industry on international expansion have found the support plainly unhelpful. The constant reorganisation of departments, from UK Trade and Investment to the Department for Business & Industry, has created confusion and made it difficult to know where to go for guidance. A stable and well-resourced department dedicated to international trade could significantly improve the support available to businesses and should be a real focus.

If international expansion is a potential move for your business as you grow, here is how to start preparing now...

Ensure your accountancy partner has international reach

One of the first steps in preparing for international expansion is ensuring that your accountancy partner has access to, and active connections with, a robust international network. A well-connected accountancy firm can provide invaluable insights and support, helping you navigate the complexities of international trade. Alongside our country desks for key markets, the connections we have in over 150 countries through our global network, HLB, are crucial to helping our clients address local regulatory requirements, tax laws, and business practices.

Carefully consider the appropriate markets

A thorough analysis is essential for selecting the right markets and ensuring successful international expansion. I encourage clients to use the CAGE framework, looking at Cultural, Administrative, Geographic, and Economic factors, for a comprehensive approach to evaluating potential markets. While physical distance (i.e. Geographic) is, of course, an important consideration given logistical

challenges and potential issues with supply chain management, it's also crucial to keep in mind the 'distance' between the UK and your chosen market in terms of business and working culture, regulatory requirements, bureaucracy, and economic stability to make expansion a smoother experience.

CAGE Framework

CULTURAL

ADMINISTRATIVE

GEOGRAPHIC

ECONOMIC

Proper resourcing

One common challenge our clients face is a lack of bandwidth and management time to oversee international expansion and operations once they begin. It's also not uncommon for businesses to be part-way through the process and realise that they do not have anyone prepared to move to, and live in, the new market. It's essential to start by understanding your current resources and capabilities at the planning stage and where you might need to make strategic hires. If you find you need to hire local personnel, this comes with a different set of challenges: while they will be better-versed in the local market and requirements, additional effort will have to be made to ensure they feel fully integrated into your company culture.

Think about the routes that can be taken

For some of the clients we speak to, diving headfirst into international expansion can seem daunting. Establishing a foothold in foreign markets requires careful consideration and strategic planning, but can be navigated through various routes.

One effective approach to easing into this process that we recommend is through forming partnerships with businesses in other countries. For example, by partnering with a local business that has an established sales network, companies can leverage their partner's market knowledge and customer base. This arrangement allows clients to introduce their products or services to the market without the immediate need for a direct presence.

In particularly challenging markets, forming a joint venture with a local partner can be another effective strategy. This arrangement allows both parties to share resources, risks, and profits, making it a mutually beneficial way to enter a new market.

Alternatively, acquiring an existing business in the target market can provide an immediate and

substantial foothold. Expanding through acquisition means there is a ready-made customer base, workforce, and market knowledge. This approach can fast-track the market entry process and provide a solid foundation for growth.



NICK FARMER
PARTNER, MENZIES LLP

1 <https://researchbriefings.files.parliament.uk/documents/SN02815/SN02815.pdf>

2 www.theguardian.com/business/2021/mar/12/exports-to-eu-plunge-in-first-month-since-brexit-uk-economy

ARE YOU READY TO TAKE THE GREATEST LEAP?

Menzies is here to accelerate your ambition, with a proven track record supporting both businesses and individuals to successfully reach their goals.

From wherever you are starting from, we focus on optimising your business financially, operationally and strategically with trusted advisors in audit, tax & compliance, accounts advisory, financial planning and transaction services. Our industry sector specialisation sets us apart, so by working together with Menzies experts in strategic business advisory, outsourced services, international expansion and private client services, we create value and help you effectively transition to the next stage in your journey.

Talk to us today.



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