

SCALE AT SPEED

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HOW TO TRIPLE
THE SIZE OF
YOUR BUSINESS
AND BUILD A
SUPERSTAR TEAM

FELIX VELARDE

Felix Velarde started one of the world's first web design agencies, then had a high-profile, twenty-year career as a serial entrepreneur and CEO. Along the way he made every mistake a founder and leader can make. In 2014 Felix retired as CEO of a marketing services group and headed off to Burning Man. When he came back, he started helping companies who wanted to scale fast. Many of these companies have become market leaders, and several have sold, making their owners millions.

Felix co-created what Forbes has described as one of the world's ten most influential websites. He has been the subject of a BBC documentary, won many of the world's biggest creative and marketing awards and taught on the MBA program at Hult International, one of the world's best business schools. He is married to the actress Inna Bagoli and lives in London.

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FOREWORD

Growing a business is easy once you've done it several times. You will have made all your mistakes and learned from them. You will know how to identify and motivate superstars without the tedious trial and error. You will get an exceptional price when you sell. Whether your staff number ten people or a thousand people, your business is a rocket on rails.

This book is for entrepreneurs and senior executives who wish it could be that easy. For those who are still struggling with integrating everything they've read and learned into a single, simple management framework. For you – definitely – if you want a simple system that brings your team together around a clearly articulated vision and helps you deliver fast growth.

In my twenty-five-year career as a pioneering founder, CEO and chairperson I've been involved in numerous trade sales. I've had one company go bust, and others come perilously close. I've made tens of millions in sales for my companies, and been responsible for teams making sales worth much, much more. I have made every rookie error and a fair few sophisticated mistakes. I've spent years learning from others, including the founders and CEOs of multinational conglomerates, tiny startups, famous SMEs and nascent tech giants.

The lessons I learned along the way became the experiments applied at my own businesses. They were tested, adapted and honed, then made accessible and practical. The resulting processes of rapid growth were built to be handed over to those who came afterwards.

In 2014 I stepped down as CEO of The Conversation Group and as chair of Underwired – which I had sold, bought back, doubling its turnover in a year, and later sold again. I became part of Vint Cerf and Mei Lin Fung’s People-Centered Internet and started going to Burning Man.

Since then I’ve chaired a wide range of agencies, startups and tech companies. Each of them has used the frameworks in this book. Their average growth rate has been 164 per cent in the first year. Today most of the companies we work with double or triple in size in their first eighteen to twenty-four months of applying the Scale at Speed formula. The process is simple, practical, unifying and strategic. It brings teams together and motivates superstars. It provides coherence in the senior team and clarity and vision for the company. It enables very rapid expansion without top-down pressure.

Each year some of these companies sell for significantly more than the market average. Many owners realise they don’t want to sell; they find renewed enthusiasm in turning their business around and making it seriously profitable. They all love the process.

So why this book? I’ve taught these processes to hundreds of businesses, mostly independent, mostly owner-managed. One thing I can say for sure is that most entrepreneurs

operate in a vacuum: it's lonely at the top of a business. There is nobody to tell you how it works. And people can waste years of their lives learning by trial and error.

It's exhilarating and fun during the ups, but frustrating, soul-destroying and no fun at all during the downs. Wouldn't it be wonderful if you could smooth it out so your family can enjoy the ride with you rather than having to be there for you when it's all going wrong again?

This book is a guide to how to make being a founder and a leader fun again, so that you get back to that state of excitement and inspiration and love for it all. It's a common-sense guide to some of the basic processes of rapid growth; to simple, relevant, good management; to the shortcuts that will help you avoid painful mistakes. You will discover how to implement these battle-hardened frameworks and accelerate your company to reach your goals and achieve your ambitions.

The formula for growth really is a formula for success. It is exceptionally accessible, and it delivers. Whether your company is losing money and needs to be turned around, or is already highly successful and you are determined to triple its revenue, this framework can be applied fast. It will have an immediate transformative effect, yet last for years. I want you to have it.

INTRODUCTION

One day's journey

I had always wanted to see the Himalayas, so I decided to go walking for a month, to see incredible views and be inspired by the beauty of nature at its most imposing. When I booked my trekking trip, the travel agency advised me to spend six months preparing with long walks in the English countryside. Each week the distance and difficulty was to be increased, so that by the time my trip came round I'd be fit for a trek around the Himalayan trails of Nepal.

As usual with these things, my social and work life got in the way a little. The only walk I took ended up being the weekend before the flight.

With a vision in my head of Annapurna South (though on this hazy day I couldn't yet see it), I stepped off the bus in the valley to be met by a guide. He took my bulging rucksack, leaving me with walking sticks and a flask, and we walked along the valley floor for a little while. After an hour we sat on a bench and he said, "OK, we're going to walk for an hour up a gentle slope, then we'll stop and take on some water." Easy.

When we stopped he told me that in about an hour we'd reach a beautiful view of the valley. And it was, indeed, wonderful. We rested for a few minutes. Then he told me about a tree, a further hour away up the hill, that we'd find full of birds. We got going again, it was tiring (well, for me),

but the tree with the birds and the pretty birdsong was as promised.

The next stop, said my guide, would come after another hour of hard walking, and we'd stop for some lunch at the home of a Nepalese family. The lady of the house was welcoming, the food a delicious dhal, and we set off again refreshed, eagerly looking forward to the next stop at a bench up in the hills with my first view of the mountains.

By now, thanks to my lack of preparation, I was pretty tired. My legs hurt. But the promise of a glimpse of Annapurna gave me energy, and we got to the bench, me soaked in sweat, desperate for water and rest – and there we did indeed come upon the hint of a view – a sneak peak of our hazy goal.

Each section of our climb through the rich green forest brought a different thing to aim for. A view over paddy fields was spectacular, a stop for hot, green tea in a breezy hut extremely welcome. Finally my guide told me there was one more view to take in, at dusk, that was worth a little more pain and effort. We rounded a corner and ahead the sun was already low, illuminating the hills across from the one we'd been climbing. Time for one final push. It was getting dark, and all I could think of was the desperately needed hill lodge at the end, where I eventually collapsed in a heap; relieved, broken, but there.

The next morning I was woken by my guide and invited onto the terrace for breakfast. Aching all over, I opened the door to reveal a perfectly flat lawn, with a huge, laden breakfast

table surrounded by smiling people. And one of the world's most spectacular vistas: Annapurna South and Fishtail Mountain. It was the most breathtaking sight I had ever seen. And despite my lamentable lack of fitness, my wonderful guide had got me to the top to see it.

He'd done it step by step, in easily manageable increments, each with a motivating goal in mind. If he'd started the day by saying, "You're going to walk uphill for seven hours and the view from the top is amazing," I would have been less than enthusiastic, to say the least. If he had told me I'd have to climb up several thousand steep, broad stairs I wouldn't have started out at all. And if we had simply set off, I might have given up when my legs did.

But that well-practised guide knew exactly how to get me up that hill. Exactly how to make it all worthwhile. And somehow, though I knew I couldn't have got there on my own, the journey was fun, and I was proud to have made it.

This adventure – merely the first day of a truly wonderful month – impressed upon me the value of breaking down a journey for the people you're leading into a series of readily achievable goals.

In your business, you're that guide. It is up to you to get your team to the top. But first you have to make sure your team actually want to come with you. They need to know what you are aiming for. They need to see the lofty goal, so they can orient themselves correctly and muster the effort that will be needed. Then it's up to you to provide the motivation and temper the pace.

Your goal needs to be close enough to be desirable, and distant enough not to be intimidating. Your three-year goal might be a sale. Or to increase your current profit tenfold. Or both.

Perspective tells us that big things far away appear the same size as small things up close. So you need a big, simple, clear goal set near the horizon. And then, in focus in the foreground, you need granular and achievable steps that, when taken in the right order, will get you there.

This book is about how to turn this simple observation into a clear plan that will generate enthusiastic alignment and grow your business exceptionally rapidly. It doesn't matter when you put this framework and its processes in place. It has been employed equally effectively by twenty-year-old businesses, turnarounds, those that have stalled and startups.

Most entrepreneurial leaders try to do things too fast. Transformation implies speed. But rushing to implement change is a trap you probably recognise. You read a book or attend an event and learn something revolutionary. The next day you bring the new idea back to work and immediately put it into practice. After a few of these "change grenades", staff begin to recognise the signs, and there is an upsurge of subtle eye-rolling and protective behaviours. Often new things don't get implemented at all, because the team knows there'll be another idea along next week.

So while a goal three years away must be bold and clear, the steps to get there must be precisely paced and specifically arranged so they can be undertaken by everyone in your team, one step at a time.

Big goal, small steps. Annapurna South; a valley, songbirds and hot, green tea.

The framework you will discover in this book makes turnaround or stellar growth easily achievable by you and your senior team. The mechanism is simple: break a long-term task into lots of easy little ones. It's the way this is done that makes this framework so supremely powerful.

The next few chapters will show you how the process works and how to implement it; what comes first, second and third; and how to bake it into your company's way of working. Subsequent chapters will deal with some of the critical growth enablers, including competitive differentiation and positioning, hiring and incentivising superstars, attracting new clients and compelling methods for pitching and winning clients.

Let's go.

Breaking through the levels

Some of the companies I've worked with had hit a bit of a plateau before they started the programme. You may have done so yourself. A lot of companies grow really fast, then reach some kind of invisible limit beyond which it seems impossible to go. This is usually accompanied by a

fluctuating period of a bit up, a bit down: sometimes great, sometimes disheartening – and always frustrating. One of the problems with this kind of situation is that occasionally the wobbling up and down becomes more like a rollercoaster ride or, worse, a violent sea with tumultuous waves. And even without such instability pulling the leader's attention from one thing to another, external forces can quickly lead to capsizing.

Most companies founded and run by entrepreneurs go through a couple of very predictable growth spurts, each of which ends in a flat period where no real growth happens. The first stage is usually zero to a million in revenue. This is where you gather around you a dozen or so people to help you build your dream. During this stage you'll prove that you have a product that has some market fit, and can find customers and sell it to them. The magic number in a team seems to be twelve people, where everyone does a bit of everything, you can all stand in for one another, the communication is great and you can all read each other's minds, and if you need to pull an all-nighter or two then beer and pizza is a ready cure. Then you hit your first ceiling. How do you expand from here?

This frustrating inability to make progress is the first time most entrepreneurs really have to think about how they grow, rather than what they sell. It's when you decide who you want to be working with for the foreseeable future – it's at this point I sometimes see one of the co-founders leave, because they find they're not quite where they want to be.

This is also when you realise you need a bookkeeper, or at least some kind of credit controller, and maybe someone to do organisational stuff like running the office. It can be a real drag getting past this phase, and you are likely to find yourself reaching out to a mentor with some similar experience to help you through it. Normally the solution is to learn how to run a business, by reading books like Good to Great by Jim Collins and asking your peers for advice on where to find more experienced staff. At the same time money gets tighter, because suddenly you're recruiting account handlers to manage your customers rather than just doing it yourself. Sometimes the resentment of having to pay someone else twice what you are paying yourself gets to you. We've all been there. But without addressing it successfully you won't break through.

Once you have, though, you'll find you're motoring again. Your newly acquired expertise alone (both personally and, now you've hired people with experience, as a business) will enable you to grow fast. And this will get you to just over a couple of million in annual revenue. By now you'll have a team of about twenty-four people – two lots of twelve again, but rather than a single, happy family, there'll be an inner circle and an outer ring.

And then you level out again on the next plateau.

So far, then, you've got to your first million through dogged determination and the ability to sell what you supply, and your second by applying your brains and recruiting some talent.

To get beyond this new plateau you need to build in the scaffolding outlined in this book. It will take hard work and several months' dedicated application at the outset by a team that wants to become brilliant. Once you have the scaffolding in place, however, you can (to mix the metaphors) grease the poles, fill the balloon with helium, and your company will take off.

In reality, what you're doing by putting such a programme in place is breaking the two-year process into three phases: preparation (recruiting the team, laying the groundwork, getting staff used to change); building the machine (creating new processes that will allow scalability); and scaling (enacting the new policies and using them to minimise waste and maximise growth).

Any plan is always better than no plan

I ran startups for fifteen years before anyone told me that there were formulas you could use to make businesses work. What I observed during that time, both from talking to other founders and seeing what was happening in my own businesses, was that most entrepreneurs set a few goals at the beginning of each year and have a few big things they want to achieve. Then they set about achieving them. It's kind of haphazard, and always subject to the ups and downs of the sector you're working in.

For example, one year I had a plan to make our company famous (thereby attracting clients) by becoming the world's most awarded in its field. Not a bad goal, you might say. But

it was effectively the only goal. And what was actually happening was that we were being buffeted from all sides – we'd recently sold the company on a three-year earn-out, and I was having to rush around trying to understand and then control a P&L for the first time. Sometimes we had eight pitches on, sometimes none. One of my most senior people left and I needed to hire a replacement. A particular client got upset with us and we had to scramble to rebuild both the product and their trust. All this meant I was trying to enter (and then win) awards to make us famous in the midst of totally unpredictable chaos.

I did it, eventually. By the end of the year we were the world's most awarded digital agency. I achieved, in that year, exactly one (profile-raising) thing – but there was no systematic improvement and it did nothing to help the company's transition to its new owners.

Most founders and leaders approach business this way: have a few goals for the year and hope you achieve them, and if you manage the most important two, that's a result.

Eventually I started working with the tools in this book and over many years refined them, standardised them, put them into practice in one company after another and proved they worked over and over again. Then I came to a startling realisation. It's one that might even cause you to stop reading this book right here. It's this:

Any plan is better than no plan.

It is not good enough just to have vision. It is not good enough just to have goals. (At best you'll achieve three or four goals a year.) It is not good enough to just have a guiding principle. You must have a plan of action.

Action.

A plan of action consists of a series of defined deliverables, an order of events, and a schedule.

Then you have to stick to it.

It is almost infinitely easier when you have a team around you to help you. So you should really share out the responsibility for delivering the plan. Even better is to get someone external in to guide you through the execution of the plan on time and in the right order. A top-quality advisor should teach you most of the things you'll need to learn, change or upgrade. They will help you develop your team and, perhaps more importantly, hold you to account.

And that's where this book comes in. While any plan is better than no plan, the right plan is better than any plan. If you follow this book's approach to developing your plan and executing it you can expect to at least double or triple your turnover in two years. This book is all about this framework, 2Y3X®.

Key takeaways

- Most businesses go through growth stages. Each stage takes effort and requires new methods, systems and processes.
- Any plan is better than no plan. Any plan you execute is better than the best plan in the world that's not implemented.
- Big change is best approached in little steps; breaking a grand plan down into easily managed stages means it is more easily – and much more likely to be – carried out.

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