

# The changing faces of Business Growth

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### *Growth.*

## Share price growth. Customer growth. Growth strategies. Personal growth objectives.

However you look at it, growth is fundamental to the working world. But it's also an area that has been critically examined through the lens of the Covid-19 pandemic. Businesses have been forced to shut their (physical) doors. Change their ways of working. And, sadly in many cases, lay-off staff – only, in many cases, to then try and re-hire at pace.

2020 was for many, not a great year for growth. It was a year for survival.

But as the global economy continues to recover and new working patterns emerge, growth is once again firmly on the agenda. And this growth won't necessarily look the same as it did before. The pandemic has caused businesses around the world to re-set; to re-consider their strategies and re-evaluate what meaningful growth really means to them and their futures. In this report, we examine what growth now means to leading businesses around the world.

Next 15 is proud to count many of the world's top businesses amongst its customers. In July and August 2021, we reached out to our clients and via LinkedIn networks, to explore what growth truly means to them in the new world order. 250 responded, ranging from Marketing Managers to CFOs and CEOs. Through their responses, we see how growth is now about much more than mere financial results. We uncover tensions between senior- and junior-level

employees on what growth should mean, and how it is lived within businesses. And, perhaps most importantly, we see how for a significant number, growth in diversity, sustainability, and employee wellbeing are all being placed front and centre in post-pandemic ethical growth strategies.

Finally, we believe in practicing what you preach. So, throughout the report, we have included commentary from senior leaders within Next 15 explaining what we are doing, and how we are approaching business growth.

We trust that you will find this report informative – maybe even inspiring – in considering what growth means to you and your business.



*Tim Dyson*

**Tim Dyson**  
Chief Executive Officer  
October 2021

## THE ANATOMY OF GROWTH

### It's easy to confuse growth with money.

When you hear the phrase 'business growth', what do you think? If the answer that comes to mind is money – revenue growth, profit growth – then you're certainly not alone. In our survey, the first thing we did was to ask professionals how they define business growth.

Unsurprisingly, the answers were all about finances. The world is, after all, predominantly capitalist.

So, is that the answer: growth means money? It's obviously not quite that simple.

To dig a layer deeper, we then asked how their businesses 'experience growth'. Or to put it another way, under what circumstances would they say that their business had 'grown'.

Whilst financial growth again leads the way – recognised as a way their business experiences growth by over 90% of all participants and 99% of those working at businesses with more than 1,000 employees – there are lots of other ways in which businesses also experience growth.

### How would you define growth as it relates to a business?

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Growth for my business is linked directly to long-term profit. Driving sales, upgrades and [new customers] all drive revenue and are the ultimate goal. The means of getting there require brand building and new product innovation, but ultimately all to the end of profit. **UK, Director, IT & Telecoms**

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Sustainable increased revenue through new product offerings and a broader customer base achieved by acquiring new customers as well as increasing business with existing customers. Growth in revenues need to be sustained at an effective cost to revenue ratio. **US, VP, Finance and Insurance**

## OPINION BOX

**Peter Harris**  
CFO, Next 15



**In a post-pandemic world, growth has become the holy grail. There is pressure on all companies to demonstrate progress in many different ways, but the most measurable metrics are financial, with revenue, profit and cash generation being the most prominent. But it's important that you view these financial metrics holistically, rather than simply chasing cash.**

As a B2B group of agencies, we see revenue growth as measure of how successful we are in convincing our customers that we have the products and services that can help their growth, not just today but five years hence. Our profitability is a combination of how much our customers value what we are selling, and how efficient we are in delivering these products and services. And finally, cash is our lifeblood that gives us the opportunity to reinvest back into the business, make incremental hires, and acquire new companies – the keys to sustainable long-term growth.

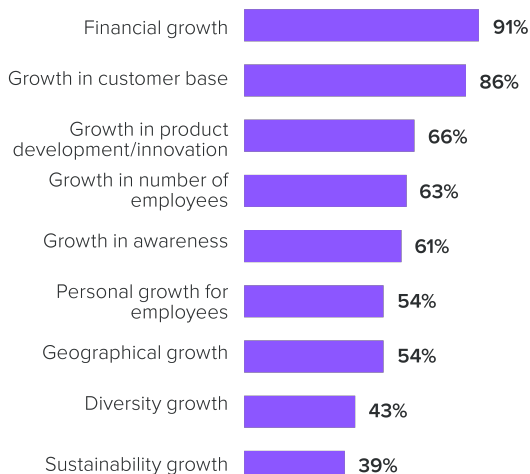
We're pleased to say that things are going well for us at the moment. Our stock market valuation has more than doubled since the start of the year, off the back of 31% revenue growth, nearly 70% profitability growth, and the acquisition of 4 exciting new companies. What has allowed us to do this though is not a focus on the money, but on our customers. Over the Covid-19 pandemic, we pushed all our agencies to really get to know their customers better, and redesign their offers accordingly. We're proud of the successes that have followed. But we also recognise that in our fast-changing world we can't take our eye off the ball – our customers' needs will continue to rapidly evolve, and our revenues, profits and cash all depend on us understanding, matching and, as far as possible, pre-empting their future needs.

# THE CHANGING FACES OF BUSINESS GROWTH

## Growth is not purely financial

On average, businesses recognise 5 different types of growth. From innovation to diversity, employee personal growth to sustainability, growth means a lot more than simply the cash in the bank.

What comes to mind when thinking about the idea of your organisation experiencing 'growth'?



## Diversity and sustainability are increasingly part of how organisations view growth

Two fifths of businesses identify sustainability (39%) and diversity (43%) as ways their businesses experience growth.

What's more, these topics are set to rise further up the agenda as younger generations progress through the workforce. Amongst junior and mid-level professionals completing our survey (excluding C-Suite, VP and Senior Directors), around two-thirds identified sustainability (61%) and diversity (68%) as growth objectives that are becoming increasingly important to their businesses.

This signifies a very important trend in modern business. The marrying of financial objectives and human centric values.

Which types of growth do you believe are becoming more important in your organisation?

**68%**  
**DIVERSITY GROWTH**

**61%**  
**SUSTAINABILITY GROWTH**

## OPINION BOX

**Nick Chapman**  
M&A and Sustainability Manager, Next 15



Next 15 is committed to being the best business we can be for our clients, investors, people, planet and communities. We regard financial growth as contingent on responsible business practices and are looking to reinforce this by becoming a certified B Corp.

**Clients:** We are increasingly being asked by clients to explain our approach to people and planet during procurement. This increased scrutiny goes two ways; we have recently implemented an Ethics Group, to explore whether the work we are doing for our clients is aligned with our values.

**Investors:** are seeking increased disclosure to support their decision to hold Next 15 shares.

**People:** We have tried to bring our people on the journey with our B Corp Champions group and DE&I Council, which bring together representatives from each of our 22 businesses, so that we embed every action throughout the Group and ensure ESG becomes a lens through which we scrutinise everything we do.

**Planet:** We track our environmental footprint to reduce our impact on one of our most treasured stakeholders, the planet!

**Communities:** We have updated our new supplier form to include various ESG questions to ensure our suppliers are values-aligned and that we have a positive impact on our communities.

# THE ANATOMY OF GROWTH

## Staff wellbeing and development need higher emphasis

In addition to sustainability and diversity, over half (54%) see personal growth for employees as a key facet of business growth. To put that into context, it's the same proportion as those who identify geographical expansion as a way their business grows.

The fact that employees see personal growth as important to themselves is unlikely to come as a surprise. But why is employee personal growth so important to businesses? One answer is that it is closely tied to financial growth.

Whilst there are many levers that can be pulled in the quest for financial growth – product development, marketing, automation – one constant across businesses is that more engaged and purposeful employees lead to better financial outcomes.

### Organisations with a higher level of employee engagement...

Report **22% higher productivity**<sup>1</sup>

Have lower absenteeism and up to **65% lower staff churn**

Report **significantly fewer safety incidents** and fewer quality incidents

Yet as few as 13% of employees world-wide say that they are 'engaged' in their work<sup>2</sup>. So how can we improve this?

When the professionals in our survey were asked what types of business growth are most important to them, personal growth for employees comes out 2<sup>nd</sup> in the list.

However, when the same employees were asked how they think their business recognises growth, and how their CEO & company leadership recognise growth, personal growth for employees comes out a lowly 6<sup>th</sup> and 7<sup>th</sup> place respectively.

This discrepancy is also borne-out when we compare the stated importance of personal growth for employees by job level. Nearly three quarters (72%) of employees in non-management roles place personal growth for employees as an important element of growth, compared to only 2 in 5 (41%) of those holding C-Suite roles.

Employee perception of the importance of where personal growth comes on the agenda.



## THE CHANGING FACES OF BUSINESS GROWTH

And the discrepancies continue when we look to the future. When asked whether personal growth of employees is becoming more or less important to their business, employees holding senior leadership roles (VP and above) are significantly more likely than junior and mid-level employees to say that it is becoming more important. Instead, junior and mid-level employees are significantly more likely to say that financial growth is becoming more important to their businesses.

### What does this mean? Let's pull the strands together

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Personal employee growth is significantly more important to junior and mid-level staff

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Senior leaders say their businesses are increasingly prioritising personal employee growth

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But junior and mid-level staff say their businesses are de-prioritising personal employee growth in favour of greater emphasis on financial performance

Emerging from a very tough past 18 months, many employees aren't feeling the love. Perhaps feeling over-worked or underappreciated, they do not see their businesses investing in them in ways that resonate. It could be that businesses aren't doing enough to help their staff experience personal growth. Or it could be that the efforts aren't being communicated clearly enough. Either way, the implications of this are already being seen in 'The Great Resignation' which is taking place in 2021. Staff are quitting their jobs in droves, with around 40% earlier this year saying they were considering quitting or changing professions<sup>3</sup>. Ensuring employee personal growth options are actively promoted and communicated needs to be a top priority for businesses that want to retain staff in this particularly turbulent environment.



## OPINION BOX

**Sam Theobald**  
Group People Director, Next 15

**The pandemic has changed our lives in ways we never imagined. As human beings some of our greatest challenges over the last 18 months were linked to not having control of everyday decisions, or the ability to make our own choices – we couldn't travel freely, interact with our colleagues, or even hug our family and friends.**

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We believe this is one of the reasons we are seeing the Great Resignation. People have control of their careers, and career choices, again and they are acting on that renewed control. We are seeing individuals use different filters in decision making. For those who suffered financially during the pandemic, salary and security are key. For others who have worked effectively from home and supported their local communities, a greater sense of giving back is more important.

This has shaped the initiatives we invest in at Next 15. We want people to see the real Next 15 - an organisation with a growth mindset who supports both personal and professional growth. We have embraced our group structure. We are proud of the fact that we are a collective of talented people under many brands, and when you join one of our brands you join a village that is part of something bigger; the Next 15 Group. The group provides more security and opportunity for growth for individuals, as well as a supporting network where you can find like-minded people to connect and collaborate with.

We are working with organisations such as onHand to support volunteering in our communities and we have embraced a more equitable approach to benefits – it's no longer about how long you've been employed and more about offering choices and options that support you, wherever you are in your employee lifecycle.

The most important initiative has been our focus on truly becoming a growth consultancy. By partnering with our clients on how they grow in this post-Covid world, our people are doing work they find more valuable and rewarding, which in turn helps them and Next 15 to grow.

## THE DRIVERS OF GROWTH

### Strong leadership is the most important factor in achieving growth

Over half (53%) place strong overall leadership as an important factor in achieving business growth, just ahead of innovation in products and services (51%), a strong sales team / strategy (44%), and a strong marketing team / strategy (41%).

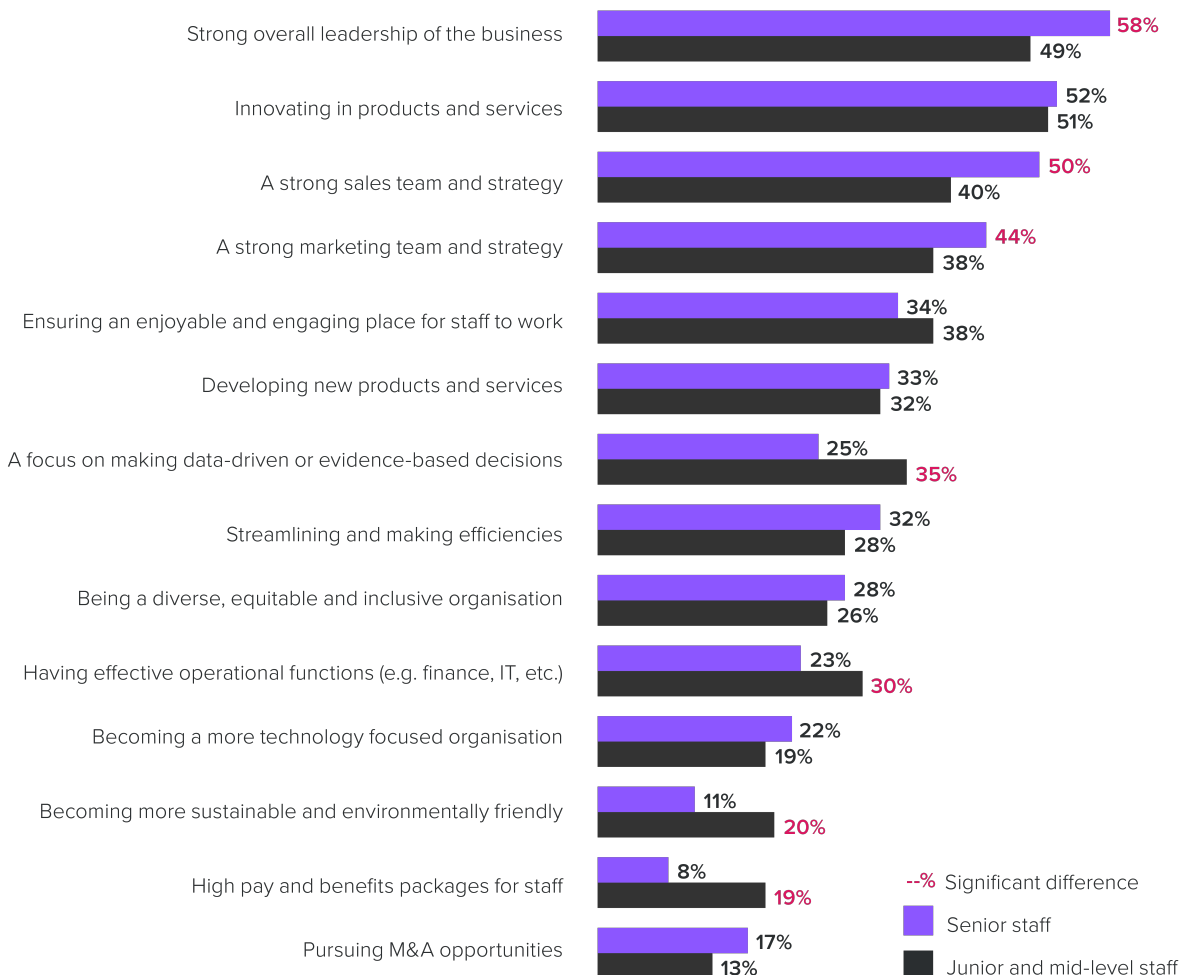
### The drivers of growth diverge across seniority levels

Whilst the overall ranking of growth drivers is fairly consistent across job levels, we see a more laser focus on the top drivers from those in senior roles (VP and above), compared to a wider range of drivers identified by junior and mid-level staff.

For those in senior roles, the route to growth is clear-cut. Alongside product innovation, they are markedly more likely to count strong leadership, a strong sales team / strategy and a strong marketing team / strategy as the critical facets.

Whilst these are also recognised as important to junior and mid-level staff, being data-driven, having effective operational functions, being more sustainable / environmentally friendly, and better benefits packages, all stand out as markedly more important to this demographic.

What are the most important factors in achieving growth within organisations like yours?





# THE CHANGING FACES OF BUSINESS GROWTH

## Investment is needed into people

Although strong leadership is seen as the most important driver of growth, it is across the wider workforce that investment is perceived as being needed.

When asked which business functions need the most investment to achieve growth, 1 in 5 (19%) said HR/people, double the number (10%) who said that investment was required in senior leadership. This suggests that whilst strong leadership is critical to growth, it is across the wider workforce that businesses are currently feeling a lack of support and investment.

It was also encouraging to see that many respondents to the survey didn't merely talk about investing in 'people' but about needing to have very deliberate and targeted strategies for how to enhance their workforce. We saw passionate responses around the importance of diverse hiring and training strategies, coupled with a focus on 'doing work that does good'.

## Which business functions need the most investment to drive growth?



## OPINION BOX

**Sam Theobald**  
Group People Director, Next 15



**At Next 15 we have embraced hybrid working. Our people have been extremely productive working from home, but we also acknowledge that some people need a suitable space in which to work, so we have provided respite throughout the pandemic for those people who feel they cannot work from home.**

We ensured people had the equipment they needed to work effectively from home, including the introduction of Vitruve VIDA, an online tool that provides interactive desk assessments, suggestions on how to set up your home space, and guidance on looking after your health and wellbeing whilst working from home. With the recent introduction of a Burnout Assessment, this will help us more closely monitor the wellbeing of our people when they are working remotely.

We have reimaged our office space to create more collaborative areas where teams can get together and share ideas. We have also introduced the Next 15 Academy via LearnAmp, a Learning Management System to streamline our onboarding and share news and updates, ensuring our new starters get a feel for the culture even before they get to meet people face to face.

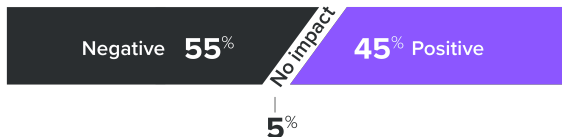
## EMERGING FROM THE COVID-19 PANDEMIC

### 3 in 4 see their business as 'emerging' or 'having emerged' from the impacts of the Covid-19 pandemic

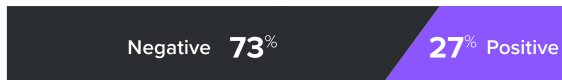
For those who like their glass half-full, three in four businesses (77%) now see themselves as either 'emerging' or 'having emerged' from the impacts of the Covid-19 pandemic. For those who are more of the glass half-empty persuasion, that still leaves nearly 1 in 4 who continue to experience the impacts of Covid-19. Some of the discrepancy arises once again from seniority levels. Those in C-suite positions are the least likely to claim that their organisation has completely emerged from the pandemic, at only 12%, compared to 27% of junior and mid-level staff. Perhaps this is a sign that whilst the wider workforce start to embark on 'new normals', the C-Suite remain aware of ongoing challenges to their operations.

What impact has the Covid-19 outbreak had on your business at an overall level?

Impact of Covid-19 pandemic in 2021



Impact of Covid-19 pandemic in 2020



### Almost half say that the pandemic had a positive impact on their business

Yes, you read that right. Only half of businesses in our survey (50%) report that Covid-19 has had a negative impact on their organisation, with nearly as many (45%) saying that the impact has been positive.

At this point in time, we need to offer a disclaimer that we count a number of the world's leading B2B technology companies as our clients, and that the answer to this question is likely to be starkly different across industries such as hospitality.

However, what is undeniable is (i) that many businesses have experienced positive impacts from Covid-19, and (ii) that the situation is significantly more positive than it was a year ago. We asked the same question in 2020 and, at that time, nearly three quarters (73%) reported that Covid-19 was having a negative impact on their businesses.

For some, the positive business impact they now associate with Covid-19 may be financial. But, as we've seen, growth is not just about finances. It is also about innovation, personal growth, sustainability, diversity, wellbeing, and more. Hence it follows that positive impacts do not need to correlate with purely financial benefits.

The pandemic has driven a shift in thinking around the world of work. How we work. What matters to us. And where we derive our purpose from.

Whilst forced closures of offices across nations brought an initial wave of panic to leadership teams, organisations have adapted and found new ways of working. In many cases, Covid-19 has triggered long-overdue investments in digitisation, cloud solutions, online services, and customer self-service offerings.

And whilst it brought great pain and suffering to many people, for those lucky enough to have secure employment, it also allowed them to reconsider what matters in their lives – and in many cases the answer wasn't 12-hour working days and long commutes.

No-one should downplay or make light of the great suffering brought by Covid-19. But out of hardship also emerges opportunity. And for many businesses across the world, the sense is that they are emerging from Covid-19 stronger than they entered it.

## OPINION BOX

Jonathan Peachey  
COO, Next 15



**Many businesses have used the pandemic as a moment to take a step back and think about what clients are going to want from them in the future.**

For us, it has become clear that our clients are going to be demanding ever more support for their growth over the coming years. That isn't just about financial growth; in many cases, our clients are going to have to develop more sustainable, planet-friendly business models, whilst navigating the changes that new technologies and new Covid-accelerated behaviours are forcing - and they are going to have to explain those changes to their customers.

We took that insight and used it to shine a light on our own business. It turned out that lots of the fundamentals were right, but there were plenty of areas that left room for improvement. As hope started to build with the arrival of vaccines, we went to work to redesign Next 15 for a post-Covid world.

As a result, we have made multiple changes and improvements to Next 15, including our positioning (we now think and talk of ourselves as a Growth Consultancy), the types of acquisitions we make, the way we attract and train our talent, and our investment in AI and automation.

Like our clients, we firmly believe that we'll emerge from the pandemic a stronger, better business.

### Junior and mid-level staff are concerned about their futures

In 2020, it was senior leadership who were in a state of panic. 83% of those in C-Suite or equivalent roles reported a negative impact to their business from the Covid-19 pandemic as they struggled to stabilise revenues and keep operations running. The office closing was a very scary thing for those at the top.

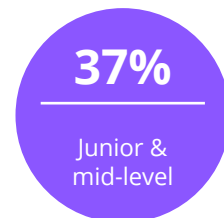
In contrast, junior and mid-level colleagues began in a more positive mindset, with under half (46%) citing a negative business impact of Covid-19 back in 2020. The freedom to work from home/anywhere that had previously eluded so many employees suddenly brought about new opportunities in work-life balance, hobbies and family life.

However, wind forward 12 months and we see the opposite.

Whilst over half (51%) of senior level staff now say that there has been a positive impact from Covid-19, this falls to only 1 in 3 amongst junior and mid-level staff (37%).

Previous research carried out by Savanta (a Next 15 agency) in early 2021 for Telefonica4 highlighted many of the challenges being faced by UK-based junior staff as a result of the pandemic. From poor home working conditions (lack of space, bad internet, uncomfortable workstations), to reduced access to learning and development and a lack of social engagement, junior staff were showing clear signs of missing the office. As we continue with hybrid ways of working, it will be critical for senior leadership to consider the importance and purpose that physical office space plays in their organisations.

Senior staff are more inclined than their more junior colleagues to say there has been a **positive impact from Covid-19**



# EMERGING FROM THE COVID-19 PANDEMIC

## Now is the time to be ambitious

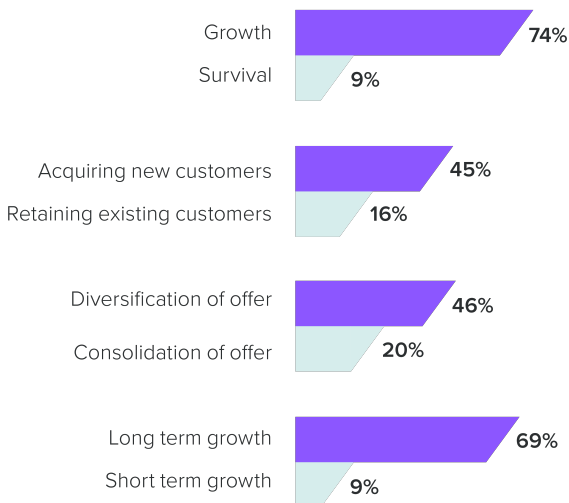
Reflecting the majority view that their businesses are now emerging from the impacts of Covid-19, attitudes are shifting firmly away from survival towards growth. Only 1 in 10 (9%) think that the focus should be on survival, compared to 3 in 4 (74%) who think their business should be seriously targeting growth.

And this growth focus should be long-term and sustainable. 7 in 10 (69%) emphasise a focus on long-term growth as opposed to only 1 in 10 (9%) who say the focus should be on short-term growth.

Whilst many businesses consolidated their services during Covid-19 (who can forget the “sorry, this service is currently suspended due to Covid-19” raft of announcements), the impetus is now firmly on the side of diversifying product and service offerings, as businesses prioritise acquiring new customers (45%) over the retention of existing customers (16%).

Now, it seems, is the time to go big. The time to be ambitious and brave, as businesses look to thrive in new ways.

Thinking specifically about the financial aspects of growth, where do you feel that your organisation should be focusing more as we come out of the pandemic?



**Our insights have revealed a number of issues that businesses – and their senior leadership teams in particular – need to be cognizant of when looking to grow over the coming months and years.**

### **1. Growth isn't just about money**

Most businesses have identified the fact that in today's world, growth means more than just making money, and that financial success must marry up with ethical leadership. However, between half and two-thirds of businesses do not currently identify sustainability and diversity as part of their growth plans. These businesses will need to rapidly assess how they integrate these areas into future strategic plans, particularly as younger generations progress through the workforce.

### **2. Personal growth as a priority**

Senior leaders need to do more, or do more to communicate, the ways in which they are prioritising employees' personal growth. Whilst senior staff believe they are prioritising personal development growth for employees, junior employees don't see it the same way – they see financials becoming more of the focus. Against the backdrop of the Great Resignation, businesses must ensure that personal development opportunities are being offered in tangible and credible ways that employees can appreciate and benefit from.

### **3. Emphasis on ethical**

Employees of all seniorities recognise the importance of investing in HR and people to grow – even above areas such as senior leadership, marketing and sales. For this investment to be successful, it needs to be coupled with targeted strategies that not only increase provisions for existing employees, but also look to build a diverse workforce and ensure employees are engaged through doing work that 'does good' rather than simply being profitable. Recruitment, DE&I, sustainability and personal development can no longer be simply token paragraphs at the end of a job description – they need to be front and centre as part of why someone would want to join your company.

## **We are entering a period of optimism and focus on growth. But it won't be the same growth as it was prior to Covid-19.**

Growth in business has long been associated with a company's finances. How have sales or profits grown, etc, etc.?

The pandemic has helped us all rethink what we mean when we talk about growth. It has caused all of us, to some degree, to re-examine what's most important in our lives. Therefore, not surprisingly, it is also making businesses rethink what is important for them, or, at the very least, it is forcing them to rethink how they would get to their desired goals.

For a long time, many companies have assumed that they were on the right path and just needed to execute a bit better. During the pandemic, and through the awakening so many of us have had to social justice issues through movements such as Black Lives Matter and the tragedy of George Floyd's death, we have realized that our organisations are far from perfect and that we can no longer turn a blind eye to these issues, regardless of how busy we are.

By producing this report on growth during the pandemic, we are looking to start a conversation with our customers about what growth means to them now and what it will mean going forwards.

For example, climate change is now accepted as a significant and tangible issue facing businesses and consumers alike. It will create new obstacles and opportunities for businesses. Understanding what our collective responsibilities are in relation to such issues is crucial, but so too is understanding the way our stakeholders are responding.

To put it another way, the conversation around growth encapsulates many of the most important challenges facing business leaders.

At the start of this report, we trusted that you would find it informative and maybe even inspiring. We hope it has lived up to that promise.

As we ourselves at Next 15 look towards our future, and what *growth* means to us, we hope that you will join us in this journey.

If you'd like to pick up the conversation further, please email us [tellmemore@next15.com](mailto:tellmemore@next15.com).

### **Next 15 is proud to present our brand-new podcast, Growth Stories.**

Our host, Richard Eyre, has been the Chief Executive of Capital Radio, ITV and Freemantle. For the last 20 years, he has worked in Board and Advisory roles in startups, private equity-backed ventures and quoted companies, including Next 15 which he chaired for 10 years. Richard uses his armoury of contacts to speak with modern leaders and business moguls, addressing growth in all its aspects through the experience and ideas of great business storytellers.

Our first series of Growth Stories can be found on Spotify. Make sure that you 'follow' us so that you will be alerted when we release our second series later this year.

# Let's work together.

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