

How business owners decide if it's time to diversify



BAILLIE SCHEETZ, CAPITAL IDEAS

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Published on: December 2, 2015 | Last Updated: December 2, 2015 5:35 PM MST

Capital Ideas members were asked by a growing business about whether to expand products and services.

Here's what members of our community of business owners helping business owners had to say:

“With our limousine business there are opportunities to diversify into industries like wedding planning, photography and DJ services. Being a mom and pop business with a love for what we do, we have concentrated on limousines and keep them number one. In our opinion we stick to the industry we do best and choose not to offshoot. Our industry is time-consuming and you need to focus on it to be successful.”

Suzan Burtic, president of Legends Limousine, [legendslimousine.ca](http://www.legendslimousine.ca/) (<http://www.legendslimousine.ca/>)

Once you've developed processes and systems that enable you to deliver your core offering more efficiently and profitably, that's a good sign you may be ready to successfully diversify. We've focused on planning and designing weddings for the last several years, and we're now looking at broadening our scope to corporate and social events via a brand extension: 'Jennifer Bergman Events.'”

Jennifer Bergman, president of Jennifer Bergman Weddings,



Marnie Ashcroft, founder of Glow Juicery glowjuicery.ca/ PHOTO SUPPLIED BY: MARNIE ASHCROFT

We had a passion for raw food and the



opportunity to open in a much larger space than we needed right in the heart of Edmonton. Through consideration, collaboration and research, we decided to launch our Raw Food Café brand which is now the model for all Glow locations opening across Canada.

*Marnie Ashcroft, founder of Glow Juicery [glowjuicery.ca](http://www.glowjuicery.ca)
(<http://www.glowjuicery.ca/>)*

“I think that any diversification strategy will depend primarily on your cash flow position and secondly whether or not you possess significant liquid assets that could be considered for new business growth. It’s also important to know that any new business expansion does not guarantee success. As a result, not making the right decisions could be disastrous for your core business. Small business expansion needs to be seamless and cost-effective.”

Joe Wasylyk, founder of the Seniorpreneur Project, [seniorpreneur.ca](http://www.seniorpreneur.ca)
(<http://www.seniorpreneur.ca/>)

“The best way is to make sure you’re listening to your customers. One will often times hear off hand remarks like ‘I wish your company had this’. If you hear that often enough, it may be time to do your homework and make it happen. The other option, is to ask. Do a market study and gauge what kind of support your new product or service would have.”

Illarion Shulakewych, founder of High Stick Vodka, [highstickvodka.com](http://www.highstickvodka.com)
(<http://www.highstickvodka.com/>)

“Before any formal surveying, when you think something new might work, ask a select group of advisor and clients for feedback before launching.

You will likely make a sale in the process. That's the true test of potential profitability.”

Mary Lou Gutscher, business acceleration coach at Magnetic Business Solutions, magneticbusinessolutions.com
(<http://magneticbusinessolutions.com/>)

“If diversifying complements your existing business and allows you to gain market share by selling more to existing clients and winning new clients then it may be a viable choice. Before investing, you'll want to assess upcoming industry trends and the general market direction to identify key risks. The time and effort to diversify could be substantial and you will need to plan how your current business can run smoothly without your full attention.”

Manuel Caceres, partner at Grant Thornton LLPm, [grantthornton.ca](http://www.grantthornton.ca)
(<http://www.grantthornton.ca/>)

“It would be easy to say that within the crude awakening we are experiencing, the time to diversify is now. If an organization has nurtured intrapreneurial thinking, it is certainly best positioned to act on diversification strategies. At one point, Google mandated their employees to spend 20 % of their time at work on anything they chose whether it related to Google or not. Look at the results. Diversification and innovation are about people. The first step to take towards any diversification strategy is to foster the culture within. It also takes a serious, ongoing investment in research and development. Both take time and investment. Do you have the will?”

Michael Kryton, author of A Brilliant Idea Every 60 Seconds, [michaelkryton.com](http://www.michaelkryton.com) (<http://www.michaelkryton.com/>)

“Diversify or die! Diversifying is a great growth strategy, as it lets you have multiple revenue streams to weather downturns and hard cycles. Everything starts with the desire to be more than you are today by evaluating what you do better than the competition. The business needs to have all the strategic assets in place to aspire to an opportunity that your competitors have yet to see.”

Kris Hans, strategist at Market Grade Ltd., [marketgrade.com](http://www.marketgrade.com/)

(<http://www.marketgrade.com/>)

“You can diversify in many ways, vertically or horizontally are the simplest. Variations may include new offerings, new market segments, or by line extension, value added services, complementary products. How do tell if its time? Diminishing margins, longer sales cycles, more competitors, customer loyalty but nothing more to sell them, upgraded offerings to replace current ones, that enable more add ons mostly assess risk/reward/reach and growth potential in addressable markets.”

Marty Tascona, principle of DeliberateSelling, deliberateselling.com

(<http://deliberateselling.com/>)

“It’s better to be diversified then not, so as a rule of thumb, I would plan for diversification from the beginning. We always have several ways to pivot our business and plan for those scenarios, so that we can very quickly expand and diversify. If you design your business to be diverse, global and scalable, it can be exactly that and give you a great competitive advantage.”

Ashif Mawji, president of Trust Science, [trustscience.com](http://www.trustscience.com/)

(<http://www.trustscience.com/>)

“When diversifying your business you should always consider the risk of overtaxing your own schedule and spreading your other resources too thin. However, if the diversification involves providing a product or service that the majority of your customers have a need for, you should consider acting quickly. Failure to do so could cause your existing clients to find another provider, who provides both your core service and their additional needs under the same roof.”

Josh Spurrell, president of Spurrell & Associates Chartered Professional Accountants, [spurrell.ca](http://www.spurrell.ca/) (<http://www.spurrell.ca/>)

“Your market will often tell you if you have an opportunity to diversify, but ultimately it’s your decision. I would never recommend that anyone offer a new product or service if they don’t stand behind it 100%. The decision to diversify needs to come from a combination of market need and you

believing it's the right move at the right time.”

Amanda Poetker, owner of Strategy Twelve, strategytwelve.com
(<http://strategytwelve.com/>)

“When your sales become stagnant or your customer base begins to decrease it may be a warning. You need to examine why your customers are going to your competitors. What are they able to offer that you don't have? You need to be one step ahead (not catching up) in order to maintain a consistent rate of growth.”

Jim Ackney, Amsoil dealer, [findsyntheticoil.com](http://www.findsyntheticoil.com/)
(<http://www.findsyntheticoil.com/>)

 “1. Are current or potential clients asking for a specific service or product? 2. Do you have the capabilities to provide this product/service? If you answer ‘yes’ for both questions, then I think it's time to diversify. With that being said, just because clients are asking for the service, does not mean that they will buy it! Make sure you review the numbers a few months later to see if you're making money off this new product or service.”

Ameet Khabra, online marketing specialist, [ameetkhabra.marketing](http://www.ameetkhabra.marketing/)
(<http://www.ameetkhabra.marketing/>)

“This is a great question and I believe the answer depends on two key

ingredients. The first, you need to ask yourself whether you really want to diversify. Does it align with your personal and business goals? Will you give it your 100% and be passionate about it's success? If the answer is yes, the second activity is planning. What are you trying to do, why are you doing it, who's it for, is anyone doing it today, what's the revenue model, how will your market, sell and deliver it? Spending a little time and money on planning will pay off great dividends whether you move forward or not."

Andrew Bryson, president of Quercus Solutions, [quercussolutions.com](http://www.quercussolutions.com)
(<http://www.quercussolutions.com/>)

These answers are in response to a question from Renee Majeau, co-owner of City MiniMix Concrete Inc. City MiniMix Concrete Inc. was recently recognized as one of the top three most promising startups in Canada in the national Small Business Challenge contest. More details on this growing business can be found at [cityminimix.com](http://www.cityminimix.com)
(<http://www.cityminimix.com/>).

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