



## Growing A Business – Experiences to Guide Your Thinking

by Sanjiv Mehra

ICMAD is a vibrant community of business owners and leaders in the cosmetics industry. Our businesses include brands, factories, labs, and consultancies and our customers and suppliers are all around the world. A common challenge for many of us is how to grow our business and build operating scale. We all see many opportunities to grow but we also see the competitive and cost barriers to achieving success. While each of our experiences is unique, from my experience, here are a few thoughts to guide your thinking as you build your business.

I started eos ten years ago and scaled it from a single product to a beauty brand sold to retailers around the world and with consumer marketing in over a dozen languages. Almost every step of that growth was carefully planned and timed to maximize our chances for success.

Scaling takes different forms – it could be from a single product line to a second one, geographical expansion or even moving from an exclusive retailer relationship to a broader set. In all of these situations, to successfully scale, there are two fundamentals that should first be in place – a strong product/market match and the organizational capability to scale.

### Strong Product-Market Match

Is there a strong fit between the products you want to sell and the markets in which you want to sell? To answer this question honestly, you have to look beyond the opportunity to get one or two orders to whether there is a true longer term fit. This is what will give you the confidence to invest in that product or market. In the first two years after eos was launched, we had requests from retailers and distributors in over 100 countries. We could've simply taken the orders and made a quick profit. Instead, we evaluated the fit, selected a few markets, and then invested with confidence to build strong, sustainable market positions. When expanding product lines, we always assess if our new products are as unique and consumer-relevant as the current ones while still being a fit with our brand promise. We also recognize that what created success in our first category, lip balm, in or our first country, the USA, may not be relevant in a different category or country. The needs of retailers and channels are different, too. What creates success at Sephora will be different from Amazon.

### Organizational Capability

Every expansion in product lines, geographies or retailers creates complexity. Before expanding, you should be confident that your organization has the capability to manage that increased complexity. Think of every expansion as a startup. To be successful you have to navigate a large number of unknowns and survive many missteps. As an example, geographical expansion involves new regulations and labeling for products, and often, different competitors and communication. That's a complex portfolio of "white space" changes that can strain any organization. So be thoughtful about how much you take on. A strong team is a necessity for success. This is probably the area

of greatest vulnerability for most small businesses. At eos, I had the benefit of my many years of experience in the industry and of a network of people to whom I could reach out for advice. Many members actively use ICMAD to get that advice and counsel from fellow members. At eos, we're actively involved with ICMAD and draw on the network to both share and to learn.

Don't rush. There is a big difference between getting a first order and scaling to a profitable and healthy business. Every expansion needs to be thoughtful and will require investment. Actively manage risks to the stability of your organization and to the reputation of your business. As you look to expand, if you find yourself compromising on the quality of your products and how you go to market, you're probably suffering issues from poor product-market fit or weak organizational capability. That's probably the time to pause and re-assess.

The benefits of successful expansion are clear – a much stronger and more resilient organization, an increased set of capabilities and more profit. Today's market environment has created opportunities to grow and significantly lowered the barriers for smaller companies to succeed. At eos, we have a long way to go to achieve our goals and we continue to plan each step as thoughtfully as we've done for the last decade.

*Sanjiv Mehra is Chairman of ICMAD and the founder and CEO of eos Products. eos is a market leader and trailblazer in the lip care sector. Today, the brand continues to innovate in new categories and sells in 18 countries across the globe. eos products can be found in both high-end and mass retailers.*