

The essence of a successful growth strategy



To achieve larger scale, ambitious companies must put the right people and systems in place, says **Sean Duffy** of Barclays Corporate

Essence, the digital marketing agency at No14 in this year's Tech Track 100, has been trading for barely six years but already has eBay, Expedia and Google among its clients. Whereas other companies might have opened several international offices, Essence took a more conservative approach, as the Tech Track 100 research shows.

With one office in London, Matt Isaacs, founding partner and chief executive, decided to open just one more, in New York. The London headquarters acts as the company's hub for Europe, the Middle East and Africa, while New York serves North America. Isaacs said the decision was not only about controlling cost and limiting risk, but about maintaining the company's culture. For its London team, which includes speakers of French, German, Italian, Spanish and Russian, sharing best practice is as easy as strolling across the office.

One of the challenges faced by companies like Essence as they grow is setting up the management systems to cope with a rapidly rising headcount, new offices in Britain or over-

seas, and an expanding portfolio of products or services.

Barclays Corporate has relationships with more than a quarter of the companies in the Tech Track 100 and understands the challenges they face. Our aim is to work alongside them as their financial partner, supporting them as they move into new markets, or indeed create them.

For Essence, the transition is proving smoother than for others at a similar phase of development. This is partly because the business has worked for large companies almost from day one. To win clients such as eBay, Isaacs said, watertight online security and effective disaster recovery systems are prerequisites.

Managing growth, however, goes beyond having the right IT. Ambitious companies must also look hard at their senior teams to ensure they have the skills to deliver continued expansion. Essence has kept its core founding team but has reshuffled responsibilities, with two of the original directors moving out of management to focus on research and development, and two others assigned responsibility for the London

and New York hubs. Meanwhile, the firm has appointed Mark Nancarrow, former chief executive of the online bank Egg, as chief financial officer.

These changes follow a period of impressive expansion. Essence's turnover has grown 111% a year, from £7.9m in 2008 to £74.2m in 2011, when it made a healthy profit. Isaacs is forecasting sales of £90m in 2012, boosted by the acquisition in May of the social media specialist Punktilio, which brought in clients such as Arsenal and Yo Sushi.

The purchase of Punktilio is Essence's only acquisition to date. Isaacs said there is a close cultural fit between the two businesses, with both management teams agreeing that social media, such as Facebook and Twitter, are now an integral part of organisations' digital marketing strategies.

They believe that clients are increasingly looking to integrate their social media initiatives with their broader digital marketing campaigns and will prefer to engage agencies conversant with all digital channels rather than deal with specialists in social media.

Sue Pettican, a relationship



Impressive clients: Andy Bonsall, Andrew Shebbeare and Matt Isaacs founded Essence, a marketing agency that works for some online giants

director at Barclays Corporate focusing on media companies, has observed Essence from its early days as a start-up. She notes that the company's rapid growth has been achieved without compromising on the quality of the people it hires. It has won strong commitment from its staff — in six years only two employees have left to join rival firms.

Isaacs says the diversity of

Essence's team is a key factor in its success. Its workforce embraces not just several languages and nationalities, but also a range of personality types and specialisms, from analytical and technical to creative.

However, as a business grows, a more systematic approach to staff retention is needed. Essence is implementing a staff development programme to ensure that its

employees remain as motivated and productive as ever.

One aspect of Essence's strategy that shows no sign of changing is its prudent approach to financing. The company has not raised external finance or taken on much debt. Isaacs believes that without tangible assets, it is not sensible to borrow large sums. However, he appreciates that, in the future, extra fund-

ing may be required to support the firm's growth strategy.

Barclays Corporate is dedicated to supporting growing technology companies like Essence, which are facing the difficult decisions that have to be made as a business expands. Whether the plan is to secure finance to grow, prepare the company for a float or simply supply working capital, you can be confident you will have

access to the right specialists, perfectly placed to understand your business.

With a focus on quality relationships, Barclays Corporate aims to work alongside companies, offering tailored financial solutions, helping our clients to meet their strategic goals and achieve long-term success.

■ *Sean Duffy, head of technology, media and telecoms at Barclays Corporate Bank, spoke to Nick Britton*