



Part of the Washington SBDC Podcast Series

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Juggling Small Business Growth:

Businesses normally want to grow, except for hobby businesses, most business owners desire survival and then growth. From the very start an owner should think ahead to prepare for the situation in which the business is rapidly successful. In this case, contrary to the feeling you may experience, the hard part may be just beginning. Most owners can't begin to think about handling success before they start.

How does a company keep from becoming a victim of its own success?

Rapid growth = Keeping 3 balls in the air:

- 1) Marketing
- 2) Finance – too many sales too soon hurts finances
- 3) Production

Rapid growth usually occurs when the demand for products or services overpowers the business because:

- 1) Exceptional marketing
- 2) Good Fortune (right place, right time)

Although it may feel like great fortune, too many sales too soon can put the business in jeopardy.

- When sales are rolling in, reevaluate your pricing.
- Consider rolling back your marketing.
- **Don't be afraid to say no to sales growth!**
- Cash flow can be a serious problem when orders start pouring in. **Cash on hand is needed to pay bills.** Any business that has to spend money up front to produce the product, or sells on credit to customers, may be in trouble when the orders start pouring in. Even if you are showing profit, growth will grind to a halt without cash.

- Adequate production capacity: having the ability to make enough of the product or deliver the service.
- Does the company have enough people and depth in the management team? Do not simply throw money at your problems adding capacity and people; instead cultivate an adaptable, creative management team.
- To grow, the owner must transform the business from a small one in which chaos rules, to one that is professionally managed with an infrastructure including:
 - Strategic Plan
 - Delegation of Duties
 - Formal Procedures
 - Accountability
- Begin with the end in mind, plan how to finance and manage your growth. Plan for being successful with plans to process, deliver and pay for growth. Set up systems to handle growth *before* it happens.

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