

Tips in Managing Growth in Your Business

Successful businesses are created by entrepreneurs, but as the businesses mature, their creators can turn into their biggest obstacles.

The problem tends to manifest differently in product and service businesses. In service firms, revenues often grow steadily for a time and then hit an invisible ceiling. The ceiling almost always is the product of the owner's unwillingness to (a) delegate work, and/or (b) acknowledge that his or her expertise at providing the firm's services doesn't necessarily extend to other aspects of the business, such as management, marketing, finance, or accounting.

To avoid the ceiling, service entrepreneurs should hire professional staff with the potential to equal or exceed their own expertise. They should assign challenging tasks to these employees, allow them to proceed with minimal interference, and provide them with every opportunity for professional growth. They should also consider hiring specialists (or engaging outside providers) to handle indirect functions such as marketing and accounting and be willing to act on the specialists' findings and recommendations.

Providers of products may have other types of growth problems. Sales orders might increase beyond the firm's capacity to deliver, or a focus on increasing revenues might divert attention from mushrooming expenses and waste. Production, distribution, or marketing issues might be overlooked due to an owner's obsession with continual innovation. Conversely, excessive concentration on production and sales might mask the possibility that the company's product is becoming obsolete.

A growing business requires infrastructure - supply chains; production capacity; research and development; distribution networks; marketing, management, finance, and accounting processes - that must grow in proportion to sales. Without such concurrent growth, the business will collapse from its own weight. Owners cannot achieve this alone; they must hire employees and/or outside providers with expertise in each function.

The underlying concept is simple: to grow your business, learn to let go.

We provide consulting to evaluate and recommend effective processes in the areas of operations, accounting, and accounting software solutions. Please feel free to contact our office to request a thirty-minute appointment at no charge to discuss if we can help you.