5 Ways to Successfully Manage Business Growth

SYDCON
Custom Software Development

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Introduction

Everyone who runs their own small or medium-sized business dreams of achieving real, sustainable growth. The growth of your business, whether via higher revenues or a larger customer base, serves as a confirmation that you're on the right track and that your hard work is paying off.

Yet ironically, there are also dangers in growing too quickly. With more work coming your way, your employees become overburdened and stressed out unless you commit to hiring more staff, which can be a problem itself if the new hires aren't a good fit. The likelihood of making errors increases if you don't have processes in place to handle them, and you can start to drop customers as a result. In certain cases, companies may become susceptible to fraud by taking shortcuts that they wouldn't otherwise take, creating greater issues in the long run by not doing their due diligence.

What's more, using temp agencies to solve these problems isn't always the best choice. The people you bring on board are probably untrained and won't be familiar with your company or your business processes, which means that you'll have to spend extra time getting them up to speed. Unless you're facing a massive deluge of work that you anticipate will subside in the near future, hiring people from temp agencies isn't a viable long-term strategy — it's simply trying to use sheer brute force by throwing bodies at the problem.

The good news is that this isn't your only option. Although every successful large business has faced its share of challenges, you can find ways to anticipate and address these issues so that you aren't thrown for a loop when they do arrive.

According to the U.S. Small Business Administration, roughly half of all startups and new businesses survive for at least five years, and one-third will last for 10 years or more. Whether you're struggling with cash flow crunches or filling orders, the five strategies discussed here will help you plan for and deal with the challenges of rapid business growth so that you're more likely to stick around for the long haul.

1. Start With a Foundation: Set Goals and Objectives

When you were a child, you probably had dreams about becoming a ballerina or an professional baseball player when you grew up. However, you also had very little idea about all the hard work that you would need to put into achieving your vision (which is why you joined a small business instead).

80%

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Similarly, startup owners and entrepreneurs often imagine the smashing success that they hope is in their future but fail to think about what steps they can implement to get there. According to a 2010 survey by Staples, more than 80 percent of small business owners don't keep track of or monitor their business goals. In turn, this statistic probably has something to do with Staples' findings that 77 percent of small business owners have yet to achieve their dreams and vision for the company.

Although establishing your business goals and objectives requires a fair bit of introspection, it's crucial to do it at regular intervals so that you can come to an honest assessment of your situation and what lies ahead of you. In particular, it can be helpful to separate your goals into three categories: short-term, medium-term and long-term. Below is a look at which objectives you should place in each category.

Short-Term Goals

Short-term goals should be those that you're able to accomplish, or at least see important results for, within a year. In general, your short-term objectives should seek to improve something tangible and specific about your business so that you can start implementing solutions right away.

The best short-term goals are those that are highly specific and detailed, with concrete steps about how to attain them. If at all possible, associate the goal with an explicit figure and deadline, such as improving customer satisfaction by 20 percent in the next six months. You should also have specific people in mind who are in charge of ensuring the success of the goal and who must continually work to achieve it.

Ideally, each of your short-term goals should not only be an objective in itself, but also tie into a medium- or long-term goal for your business.

Medium-Term Goals

Medium-term goals are those goals that can be achieved within a time frame of no more than several years. By sitting between short- and long-term goals, medium-term goals serve as a bridge or transition between the two extremes. This usually means that they involve a greater degree of strategic thinking, with solutions that are more permanent in order to avoid short-term problems in the future.

For example, if the software that you're developing has a large number of bugs in it, your short-term response is likely to fix them. On the other hand, the medium-term response might be to investigate other software development and testing methodologies so that bugs are identified and resolved earlier in the development process.

Long-Term Goals

Long-term goals are typically accomplished within three to five years, which is usually the furthest into the future you can attempt to predict things before it all gets a little hazy. Your long-term goals should reflect your company's values and mission statement and also respond to changing economic and sociopolitical conditions.

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Whenever possible, your long-term goals should be decomposable into smaller short- and medium-term goals, which together form an in-depth roadmap for how to achieve them. Achieving them requires buy-in and cooperation from all key stakeholders at your organization.

2. Prepare for Scalability

The core unit of your business is the process: a collection of linked activities that are designed to accomplish a specific business objective. The more quickly and efficiently that you can complete these processes, the easier it will be to scale your business when you experience growth.

As an entrepreneur or small business, documenting your processes might have seemed like an unnecessary step, since everyone in the organization already knew their role and the processes that were relevant to them. In order to prepare for scaling, however, you need to identify and document all of the processes that already exist in your business, whether manual or otherwise. This will help you decide if your processes are already at maximum efficiency or whether there are parts that can be removed or refined.

Documenting processes is an in-depth process itself. For each process, you should record the following information:

- The process name and a short description
- The starting and finishing conditions of the process
- The inputs and outputs of the process
- The people involved in the process
- The activities required to complete the process

Create processes in order to remove bottlenecks and improve your productivity and efficiency.

Along with documenting your existing processes, you should also consider where you can create processes in order to remove any bottlenecks and improve your productivity and efficiency. The most obvious place to create or change processes is where your organization is currently short-staffed. For example, if you're struggling to provide good customer service, consider a self-service customer support portal online so that you can cut down on the phone calls that you receive.

Finally, the most obvious way to improve your business processes is by automating them. In order to find the best candidates for automation, look for the following traits among your processes:

- Processes that require a lot of time, resources or manual effort.
- Processes that are highly susceptible to human error or that demand a high degree of accuracy.
- Processes that have a large impact on how quickly products are released.

With this in mind, some processes emerge as natural choices to be automated, such as:

- Data entry into a file or database
- Generating system emails about order status
- Report generation
- Purchase orders and invoicing

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If you aren't already using automation within your business, the most difficult roadblock will likely be getting your employees to buy in. Demonstrate how automating your processes can add value to your organization, and if necessary, commit to training programs to make the transition to automation smoother.

3. Buckle Down on Quality Control

History is full of defunct businesses that believed that they could save money by cutting corners without sacrificing the quality of their products. Unfortunately, their customers disagreed with them.

> Quality control is more important than ever as you seek to scale your business.

Quality control is more important than ever as you seek to scale your business, and is often the first thing to slip as you grow. Customer satisfaction should always be paramount, and if your products aren't up to the quality that your customers have grown to expect, then you may be sacrificing short-term growth for long-term profitability.

If your business is known for its excellent customer service, for example, then you need to make sure that you maintain that high level of quality throughout your period of growth. One way to do this is through detailed, specific guidelines and training programs so that new hires can be quickly onboarded and integrated with your existing team members. When it comes to quality control, the more standards that you define for your products and services, the better.

To measure how well you're adhering to these standards, you'll also need to define some metrics and key performance indicators (KPIs) and log them. For example, how quickly do your employees take to pick an order? This information should be recorded, collected and fed into a quality control system that can perform analytics to see where your employees stand and where they need to be.

4. Build a Great Team

Building a great team, first and foremost, means finding people whom you're comfortable working with and delegating to. Especially during the small business and growth phases, your employees should be passionate about what they do and aggressive in seeking out new information. Developing an inventory management system, for example, isn't something that's taught in schools, but something that you can only learn about through experience.

The best employees for small businesses and startups are the ones for whom their position is more than just a job. They're interested in keeping up with technological developments, they want to better themselves and your company, and they treat their work as a labor of love.

If you're growing rapidly, one of the most important things to consider is which jobs require a person who fits the above profile and which ones don't. Not all jobs need someone who's highly organized and conscientious. Don't waste time trying to find the perfect candidate for a certain position when you really just need someone smart and competent who can help you scale your operations.

That said, vetting people is highly important, but so is the way in which you vet them. Before making a new hire, you should be doing not just a background check, but also an honest assessment of the candidate's fit with your company in terms of personality and lifestyle.

> When the right people are in the right roles, you can feel confident that they'll do their job well.

Once you've hired the right people, you'll find that it's a lot easier to feel comfortable delegating responsibility to your employees. Letting go of control can be a challenge for a lot of entrepreneurs, but it's a necessary step as your company grows and scales. When the right people are in the right roles, you can feel confident that they'll do their job well, freeing you to concentrate on the most important business matters.

Automate Pieces of the HR Process

Not only can automation benefit your business processes, it can also help you build a better team. You should seriously consider automating some of your processes for hiring or human resources. Instead of using a highly manual process, for example, you can automate processes that will send applications to HR instantaneously and even potentially do some sorting of applicants.

By automating some of the HR process, you can establish a workflow that gives you greater visibility and insight into your business processes. Once HR reviews the application, they can quickly decide whether it's worth forwarding to the hiring manager, who can then instruct HR to schedule an interview with the candidate. At any point in time, you can see where a particular applicant is in the hiring process — whether that's having an interview scheduled, getting a background check, or completing a test — and understand what's missing before you can make the hire.

Employee happiness is the best early predictor of productivity.

Happiness is the best early predictor of productivity, and automation can also help you understand how to keep your employees happy once you've assembled a strong team. For example, during the annual review process, employees and supervisors may both fill out a form assessing their performance and their opinion of the business. Once the review has been scheduled or completed, the software can send a notification to the right person. These individual opinion ratings can be collated and analyzed in order to identify dips in happiness and potential problems.

5. Measure, Measure, Measure: Data and Analytics

Information is one of the most important currencies of the 21st century. Finding ways to analyze and apply that information can mean the difference between rising to the challenge of growth and being crushed under your own weight.

The Dollars and Cents

Of course, you should have a solid understanding of your monetary situation at all times, including your cash requirements, receivables and payables, debt, and profit margins. Getting an overview of your financials is often as easy as creating an automated software solution that collects data, pulls information from QuickBooks and disseminates it to the right people. Automated processes can also scan for problems such as a late purchasing order or invoice, then send an email to customers alerting them of the issue.

Efficiency Metrics

There are a variety of other salient data points about your business that you can collect, analyze and report on. For example, how efficient are you being? How much are you spending on average to acquire a new customer, or to produce a new product? You should also look at people-specific metrics, such as your rates for customer or employee retention. If you notice a dip in either one, then you should start to hunt for possible issues and ways to resolve them as soon as possible.

Automate Collection of KPIs

Finally, consider automating the collection of some of your metrics and KPIs. For example, if you're using an inventory management system, then you can track the time period between when an order was placed with a vendor and when the product actually shipped or arrived. This gives you an idea of the average turnaround time for a given product or vendor. When you have to place another order, you have a better idea of how long it will take instead of being unpleasantly surprised by an item on back order.

Lather, Rinse, Repeat

It's important to note that the data and analytics, loops back and feeds into the very first section mentioned, setting goals and objectives. By being better informed about the status and performance of your business, you'll be in a better position to choose measurable, achievable goals that align with your company vision and values.

What's more, managing your business growth in the ways outlined here shouldn't be a one-off activity. Every business has room to improve, and you should perform these assessments at regular intervals to make sure that you're managing your growth effectively.

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