



Unsustained Revenue Growth;

The Hidden Dangers Of Growing Too Fast!

Revenue growth *seems* like a good thing; but is it? When businesses grow too fast, problems can arise; particularly if they grow without a plan. In fact, if you haven't prepared for a sudden spike in business, the backlash could sink your entire company!

Problem areas

We've all seen it happen. You really loved a particular custom boutique, shop or restaurant because the staff took their time to get to know you and your needs. You felt valued and appreciated for your patronage. As more and more people found your little gem, business picked up. Now when you go, there's hardly any elbow room and the staff have no time to chat and give you the personal service you'd come to enjoy so much. The 'family' atmosphere is long gone, and so you opt to take your business to a more convenient or perhaps cheaper location. So will everyone else. And once a business reputation is tainted, well ... there just ain't no comin' back!

Staffing

Rapid growth and staffing issues go hand-in-hand. When business booms, you will need to augment staff to manage the increase in work, or your current staff will need to work harder. But will they? As an owner or manager, you need a workable staffing contingency plan that you can execute if a sudden surge in growth threatens to turn your zen-like workplace into a mosh pit. Think of it this way. If business was to increase ten-fold overnight, how would your company react?

- Would customer service be sacrificed?
- How could you hire enough staff and train them fast enough to prevent mistakes or cause safety issues?
- Do you or your manager have the time to manage it all without sacrificing personal relationships?
- Will current staff work harder for the same money or will they need raises?

Sales and Service

Staffing might not be the only obstacle you'll face if the world suddenly decides to beat a path to your door. How would your company handle the sales and product/service delivery side of things?

- Can you deliver on all the sales or service orders?
- Will after sales or service care be sacrificed?
- How prepared are you to deal with back orders or time delays?
- Are margins being met, or are sales increasing with low margin items?
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Logistics

Finally, you will need to consider the logistics of running a rapidly escalating business.

- Can operations cover the business cash needs or will financing be required?
- Does the business have access to extra capital?
- Does the location or space support the growth?
- Does growth mean expanding locations, expanding products offered, or an expanding number of clients?
- Will essentials like tax payments, rent or mortgage fall behind as cash needs are required?

Plan, plan, plan!

Sustainable growth doesn't create problems in other areas. Unsustainable growth is an anarchist. That's why it's so important to put a plan in place and create a rolling cash flow forecast. Consider the key performance indicators for your business and then begin planning in these vital areas:

- Marketing and advertising
 - Competitors
 - Target market
 - Ideal customer
 - Pricing
 - Product and services mix: is the margin high enough?
- Human resources and staff management
 - Hiring process
 - Timing of new hires
 - Training program
- Computer technology
 - New software to make operations efficient
 - New hardware
 - Backups!!!!
- Equipment maintenance and replacement
 - Upgrades that can handle larger volumes
 - Future sale of the business: what will buyers look for?
- Personal time (make sure there is time for the owner to rejuvenate)
- Operations and logistics
 - Customer service delivery routine
 - Policies and procedures

Once you have a viable plan to navigate a windfall, file it, and work toward making it happen. Remember, it's what you retain that matters so focus on profit, not revenue. There's no point taking on more business if your costs go up and margins take a nose dive. After all, at the end of the day, it's not about the number of cars in your parking lot, it's all about the number of decimal places in your bottom line!