

HOW TO

BY TOVE RASMUSSEN

Scale up your business

Scaling up a business is a fun challenge and key to Maine's economic growth. Maine has 28,000 businesses with four to 19 employees, according to the U.S. Small Business Administration. If these businesses increase by five-fold, the number of jobs is estimated to rise by close to 500,000, almost doubling non-farm jobs in Maine.

But many of those same businesses might wonder about the steps they need to take to grow, asking, "How do I scale up my company?"

Increase profitable sales – and keep an eye on the cash

Sales and profit need to grow for any scale-up to occur. Greater sales volume is terrific, but it is the additional profit that allows for the increased infrastructure to support even more sales. Get a good accountant to make monthly checks on where the company is financially.

Profit is no good, however, without cash. Knowing the current and future cash flow is vital to keeping the company alive and thriving. Does the company have the cash to make a big order? Many small companies fail because they lack cash.

To grow, a company needs to generate more profit on its sales.

- Learn how your firm generates revenue and profit.
- Provide a product or service in a growing market. Often, growth can occur within the market even with taking business from the competition.
- Deliver compelling value to your target market over and above what the competition offers.

Once your company has a growing, profitable business model, you can take steps to scale up:

- Introduce new products and services to your market or markets.

- Expand into similar markets, or into completely new markets.
- Expand into new geographies.

Hire the right people

To keep pace with growth, it is important to bring in the right people for key positions. Determine the criteria for the job. Consider what employees need to bring and what can be taught. You can teach an employee to run a machine but you can't teach a "can-do" attitude. Think about the competencies needed in each position. Check references, as they are key to understanding what the candidate can do.

Focus on key success factors

In a small company, management walks among the few employees, identifying goals on a daily basis, getting regular feedback and getting to know the team. As the company grows, it is more difficult for informal communication to reach all employees. The company needs to bolster it by introducing more formal communication of priorities, goals and philosophies.

- What gets measured, gets done. Identify the key success factors of the business. What do you have to do to thrive? Do key success factors include quality? Innovation? Cash flow? Weekly sales? What is acceptable in the company's culture? Set goals and monitor goals versus actual results.
- Goals and initiatives need to translate into departmental goals and then employee goals.

Find consistent performance – then improve!

In a small company, one person does a job and it is done fairly consistently. As the company grows, how do all the different people involved

ensure the product and service are consistent? Process. As a company grows, more processes are required. However, it is a balancing act. Don't introduce so many processes and approvals that the company slows down so much the nimble advantage of being small disappears. Once processes are in place that yield consistent results, it is possible to improve them to continue to excel in the market

Scaling up is a complex process that only happens with increasing, profitable sales. Hire the best employees and have formal processes to ensure there is dialogue and buy-in on the goals and processes. Then improve to stay ahead of the competition, delivering value they cannot match. Enjoy!



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