

Meeting the Challenges of Entrepreneurial Growth

By Sue Hodinko



Growing a business is very similar to raising a child. The stages of development, challenges and responsibilities are amazingly parallel. Parents nurture and guide their offspring from infancy through childhood and adolescence, and ultimately to successful adulthood. Likewise, a business founder must nurture and guide an entrepreneurial venture from startup to maturity, achieving a successful, profitable and well-functioning organization.

The Startup Stage (Infancy)

Excitement! Joy! Optimism! It's also a bit scary (and more expensive than you expected). There's no road map, but you give it all that you have, practically around the clock. For the business founder, your focus at this stage is on defining your market, developing your product or service, building a customer base and helping your business take its first baby steps. You are wearing many hats - visionary, salesperson, business manager and technician or service provider. In addition, you are processing payroll, purchasing supplies, paying bills, answering the phone, troubleshooting and much more. Your energy, long hours of hard work, personal talents and

determination get you through the startup phase.

The Expansion/ Emerging Growth Stage (Childhood and Adolescence)

Sales and revenue are increasing, but the profit margin is not (and may be decreasing). It still feels good to have your own business, but something doesn't seem right. Everyone is feeling overwhelmed, overworked, disorganized and short of resources. Communication is breaking down. Costs are escalating. You are functioning in reactive mode and feel as if you have "hit a wall."

The founder must recognize these growing pains as early as possible and proactively commit to launching the transitional journey from entrepreneurship to organizational maturity.

A scalable set of steps can be taken to meet these challenges. At first, each step will be carried out somewhat informally, with adherence to the maxim: "Keep it simple." As immediate challenges are resolved and the company grows, these same steps can be repeated over and over again, with increasing formality and scope.

Step 1: Personal Goals Clarification. Clearly define your life vision. What do you want your life to be like as a result of having this business? What

are your personal, long-term financial goals? How much freedom from the daily workings of the company do you want? What level of industry recognition is important to you? In short, what personal and professional lifestyle do you want your business venture to deliver to you? Recognize that the purpose of your business is to achieve these goals and that "what the company does" is merely a means to that end.

Step 2: Define Your Strategic Objectives. Clearly formulate the business standards by which you will measure your progress in achieving your ultimate life vision. Start out realistically. These standards will be revisited and enhanced as your business grows. For example, what standards of business ethics do you want to adhere to? What standards of quality, service, employee practices, etc., do you want to instill? What type of customers do you want to serve? What are your gross revenue goals? What are your profit goals? What level of product or service diversification do you want to offer? What geographical scope do you envision? As you can see, what you are building with steps 1 and 2 is the values framework that defines the style, construct and scope of your company. For step 2, seek the participation of trusted friends and employees who care about you, so that

you maximize your opportunity for idea generation, synergy and creative thinking.

Step 3: Clarify Your Marketing Objective. Define the difference between what your company is selling and what your customer is buying. Understanding this difference is critical to the design and success of your marketing and sales initiatives. For example, your company may be selling engineering services, or dental services, or computer networking services. However, what your customer is buying is trust in you, peace of mind and confidence that what they have paid for will be superior and will last. Design your sales and marketing strategies to primarily address what the customer is buying (what the customer values), and secondarily to what you are selling (what the customer needs).

Step 4: Systematize. This is an essential component of successful growth from entrepreneurship to organizational maturity. Every function that is carried out in the company can (and ultimately should) be documented as a "procedure." At the beginning, select the most critical functions, and keep it as simple as possible. These procedural guidelines are the rules by which business is conducted and support order, consistency, efficiency, clarity and account-

Continued on next page

ability - all of which are crucial to a growing organization. As the company grows, procedural documentation (and training) will become increasingly critical and will progressively free the organization from the painful symptoms of growing pains noted above.

Step 5: Build and Carry Out Your Implementation Plan. Using your strategic objectives (step 3) and marketing objective (step 4) as the framework, determine the tactics needed to achieve those objectives. In the beginning, keep it simple. At first, simply decide on a set of action items

for each objective. Later, a more formal strategic business planning process will naturally arise from this initial implementation planning process.

Step 6: Value and Cherish Your Employees. Throughout the growth of your business, nurture, guide, develop, praise,

appreciate and reward your employees, for they are the foundation and infrastructure of your company's ultimate success.

Sue Hodinko provides business consulting services to small and mid-sized entrepreneurial companies. She can be reached at 410-685-2005 or sue@hodinko.com