Boardroom Advisors

SCALE UP YOUR BUSINESS: EXPAND YOUR OPERATIONS

What To Consider When Physically Growing the Scale of Your Business

Scaling up a business means making big changes to it. You can't achieve the rapid growth you're looking for with a few minor tweaks. That means you'll need to think about how your operations will develop.

Your business will physically grow as it financially grows, with more staff, equipment, locations etc. If your internal systems can't seamlessly include all of the new assets then bottlenecks and inefficiencies will start to develop.

This eBook explores the background operations of a scale-up business. Consider how your business will handle growing and how you might improve it.

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Is Your Business Scalable?

Operations-wise, a scalable business accepts new parts into itself without too much fuss. After all, if it can't do this, then growing becomes a challenge. So, scalable businesses are easy to grow.

There are a few things to consider for how scalable a business's operations are. First, you will want to assess your business and identify where to improve. Problems can cause your business to waste money and hold you back, so don't carry them with you.

Communications

- How does your business communicate with itself?
- How do data and information travel between different teams?
- Does data travel efficiently between departments and levels?

The more difficult it is for people to talk, the less efficient your operations. Likewise, the more work that has to be done to pass on information, the less efficient it'll be.

That has become even more important with the rise in remote working. If you can't walk to a person's desk to talk to them, being able to communicate digitally is crucial.

You risk being too informal and losing focus if you operate from private emails and personal messengers. If you haven't already, consider setting up your business domain. There are plenty of communications solutions available to try out.

How easy is it to give information to a manager, or to a different department that needs a report? It'll take a lot more time if someone has to collate and process the data manually. As a result, the report will be slower to get where it needs to be and will cost more to produce.

There are ways your communications can be automated for better efficiency. For example, digital systems allow for better data storage that automatically sends updates to those who need them and can generate reports at the click of a button.

Task Efficiency

- How much work in your business needs to be done?
- How much time gets wasted on meaningless tasks?
- Is your staff morale at a high or a low level?

Common examples of redundant tasks include repeated data entry, excessive reporting, and using outdated systems. Many of these can be dropped or made more efficient by automating and updating.

If a supervisor has to reenter information their team gave to them and then a manager further up the chain has to enter it into a different system again, both of their time was wasted.

Likewise, if one department uses a different data format that requires them to input the same data slightly differently, that's inefficient. Standardising your systems so everyone can access what they need is much more efficient.

If all data goes into a single system, you don't need to go through intermediaries to get the necessary information. Different permissions can restrict access to those who need it, maintaining security, but it's all there for when you need it.

The fewer extra steps on top of doing the job you need to do, the better. More streamlined work environments feel better to work in. The jobs will be more cost-efficient, and the employees will be happier doing them.

Oversight vs Freedom

- How much freedom do you give your workers?
- What type of management do you implement?
- Do you oversee or allow your workers to manage themselves?

Some businesses suit a very free staffing model. Employees are given the tasks they need to do and left to get on with them. That can work well in situations where responses need to be fast, or accuracy doesn't necessarily matter.

In these systems, your teams aren't getting slowed down by having to wait on checks and approvals from further up the chain. Instead, they'll be motivated by the inherent trust and able to act on something when needed.

Other businesses need more oversight, though. It's true that having employees' work double and triple-checked means a lot more work hours for the same task. As a result, these systems are slower, but it's for a good reason.

Your tax returns, for example, are best checked before being sent off. Contracts that contain typos can drastically change their meaning. When that work needs to be right, you're better off spending more on doing it properly the first time than having to start all over again.

Determine how much freedom you can afford to give your employees and cut back to that level. For example, checking work is important, but it may need to be done less than it currently is. You should introduce more checkpoints so fewer mistakes can happen.

New Staff

- How often do you have new employees?
- How easy is it to make them part of the team?
- What training do they need, and what responsibilities will they have?

Many scale-ups will hire new staff. However, your business is only scalable if it's easy to do so. If there's anything they have to wait to get set up, it'll cause delays. If they get dropped into a job without preparations, there's a greater risk of failure.

When someone gets hired into your business, your systems need to be able to get them set up with all their accounts and details and get them on whatever pay scheme you're running as quickly as possible. It will become a bottleneck as your business grows if you currently do all of this.

Standardising training and onboarding procedures is also a good idea. That means it's less likely for new employees to miss out on anything important, making it easier for them to be trained quickly.

Identifying Bottlenecks

Bottlenecks are points that hold up your workflow. An increase in work on one side of it can translate into problems on the other side.

Before you scale up your business, analyse your operations and see if you can find any potential bottlenecks. Once you've got an idea of what could become a problem, you can plan your strategies around them.

If you know that your marketing could be more developed and you will need help to draw customers in, there's no point in increasing stocking space. If your storage is just the right size for the number of orders you ship, you will often run out of stock when your sales increase.

Making your operations more scalable means **increasing the margins** you have to operate in. If any part of your business is close to its limits, it will become a bottleneck, so it needs to be prioritised.

Your Business and You

This one is different from the others. Instead of looking at adding things to the business, this section asks about taking something away: you. How much does your business need you?

As a thought experiment, what would happen to your business if you were to become suddenly completely unavailable for a week? Assuming this is a normal week and not the day of an important Board meeting, would it survive or ground to a halt?

If your business can't operate without you, it's not scalable. Your management structure isn't rigorous enough if that's the case. A CEO should be able to trust their team to make the right decisions and follow the strategic direction they set out.

A business leader should be working on the business, not in it. That means that you shouldn't be crucial to any individual part of your business. Instead, you provide the overall leadership and the grand plan of where to go.

Start a more resilient system if your business needs you there every day. Train and promote promising individuals to leadership roles and keep everyone on the same page about where you're going and how you'll get there.

If there are important things that are only possible to authorise with your presence, again, this will hold the business back. For example, if it can't make payments without you and you fall ill, the business doesn't pay anyone. Sharing the work with others makes the business more resilient.
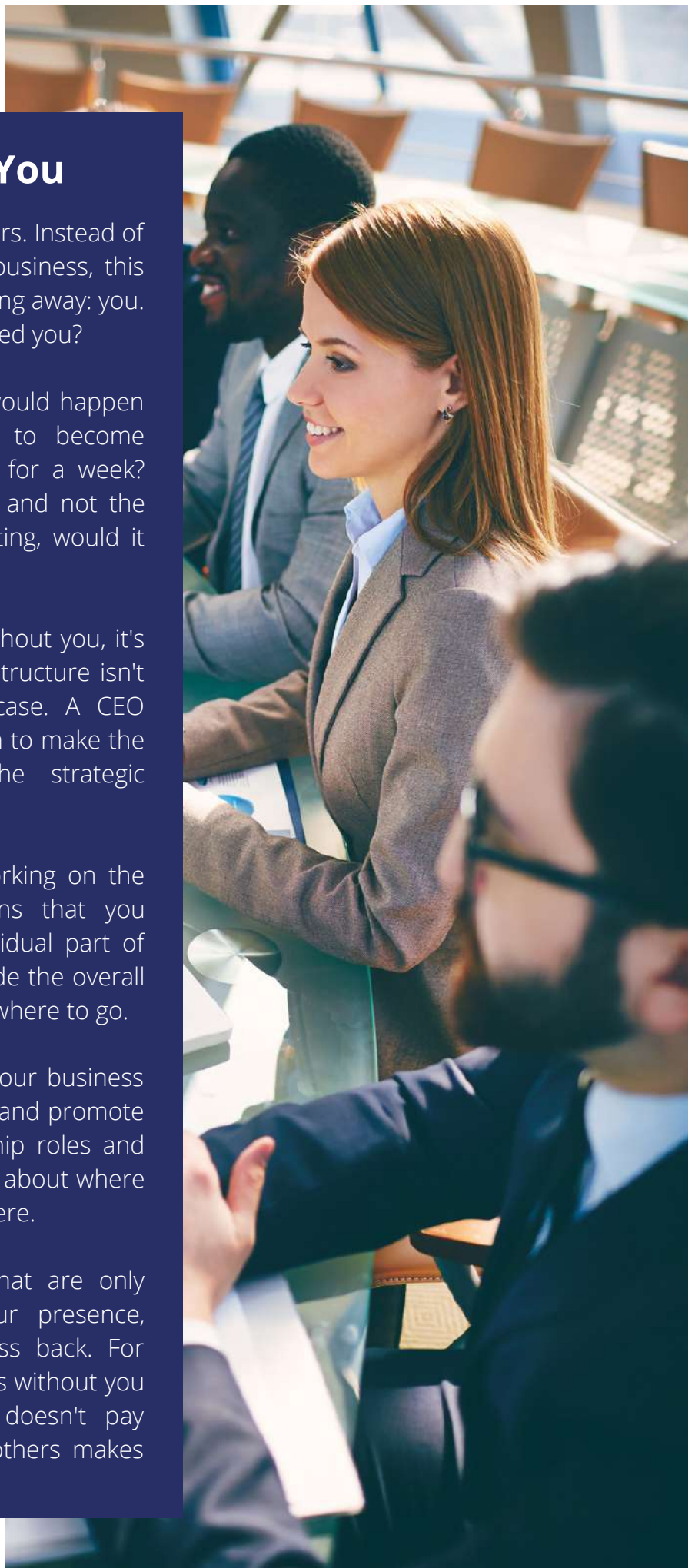
What Are You Missing

If you've checked them out, you'll have seen that many of the other eBooks in this series talk about an individual business area as a department. When you're a small business, you may only have a single team that makes up everyone.

Scaling up doesn't mean you have to explode out and create all of these fully-fledged departments. Instead, you need to ensure each area is prepared to grow and has someone who owns it. It may be that you need a single in-house employee to be able to handle your growth. On the other hand, you might only need to hire some roles part-time. Having someone come in once a week to monitor progress, answer questions, and give the next week's tasks is often enough.

If some of the other eBooks have got you worried about the massive increase in scale your business will need, don't be. Only some things need to be changed. First, you want to pick an area or two to focus your growth on, then make sure nothing holds it back.

Are You Missing Any Key Players?

To do this, you want to consider your business's key players. These people represent the core aspects of your business. They don't need to be Directors but should be people you trust to get the job done.

After reading through the rest of this series, are there any important areas you think are missing their key players? For example, sometimes all you need to do is add a single team member specialising in something your business weakens to become scalable.

If no one on your Board is great with tech, you don't need ten new IT support staff. Instead, you can hire a digital specialist to advise you. You could also invite your existing IT team to play a bigger part in their management, bringing a high-potential member into Board meetings as an advisor.

Make sure you have access to the advice of an expert when you need it. Make sure you can trust someone in each area of your business to get the job done. So long as you have enough of these key players, that may be all you need.

You also can bring on a part-time hire. Many jobs can be fulfilled on a part-time basis. A fractional director can complete even the highest level of work.

Expanding Teams

Despite the previous section, you sometimes need a new department. Again, you need to identify which areas of your business are already near their limit. If hiring a few new employees shores up these areas, then that's what you need to do.

Before posting any job adverts, consider ways that the workload of the existing team can be eased. One new team member is the most efficient way to help them; it could be simple automation.

Hiring them will be important in your growth strategy if you decide that more staff are necessary. That may be something to entrust to a key player if you aren't familiar with the features of a good candidate.
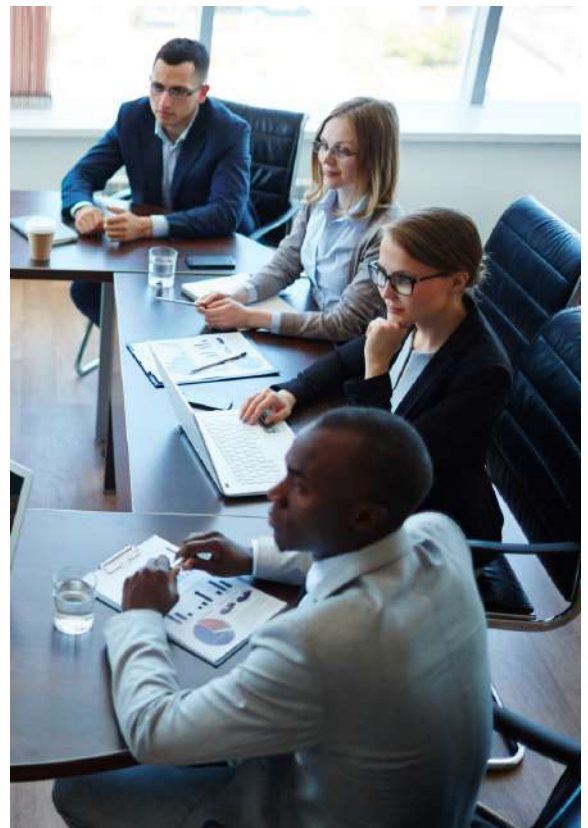
Outsourcing vs In-house

Outsourcing is completely normal in business. You don't need to try to bring absolutely everything in-house. Assessing your operations will involve an audit of how you currently handle outsourcing.

Marketing agencies are a common form of outsourcing, as they can handle very specialised work that doesn't need permanent staff. If you only need something rarely or it's a highly specialised job that needs high-cost experts involved, it is better to outsource it.

Part of preparing to scale up is finding out which areas suit your business and which suit another. For example, if you're currently buying a component of a product you manufacture, now could be the time to buy the necessary machine. If you'd need to build a new factory, gain certification, and hire dozens of specialist staff, consider continuing your existing relationship.

Businesses will always work together and support each other. Business owners will need help to handle everything they could need. All you need to do here is think about which parts you can handle.

Legal and Risk Management

As you expand your business's operations, you may face new regulations you haven't had to deal with before. Therefore, knowing what is expected of you is an important part of your scale-up preparations.

A business also has to be able to manage the risks that it will face when growing. Therefore, preparing for setbacks and crises should be a part of your strategic planning from the very start.

Thinking About Scaling Up Your Business?
Book a Free Check Up to See
What Areas of Business You Can Improve

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Legal Preparations

These laws and regulations exist in the interest of fairness and to protect people, so the consequences for breaking them – even accidentally – can be harsh, especially on a smaller business. That can be even more so when operating in more than one country.

For some scale-ups, things will stay the same. For example, you may move into another bracket or classification as employee numbers or value increases, but keep everything central to your current business.

In this case, you want to know the different kinds of business and where the cut-off thresholds lie. That may only affect taxes or reporting if you're very small. However, it could impact which grant schemes you're eligible for.

If your business's scale-up involves any significant changes or diversification, you need to be aware of the requirements of that field. That should be part of the research when deciding to make these changes.

For example, if your business is currently running out of your home and moving to its first official office is part of your plan, do you know the requirements? There are minimum space, health and safety, and human resources laws to consider, even for a small office.

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On the other end of the scale, what do you need to know if you want to open a factory and start manufacturing? First, there will be an office's health and safety and HR requirements, but more too.

The products may need to be externally safety checked. For example, you may need a licence to operate one of the machines or use a certain material. In addition, there could be restrictions on the disposal of some of the waste produced.

This endeavour is much larger than many others, so much more planning and preparation is expected. Whatever changes you plan to make, you need to do your due diligence.

Crisis Management

A crisis is a sudden threat that can strike a business. They're often completely surprising and, if left unresolved, can cause significant damage.

As a business leader, you can prepare your business for crises in one of two ways:
1. Mitigation
2. Response planning

Mitigation is taking steps now to reduce the potential damage of a future event. **Response planning** is preparing a procedure for an event so that you don't need to decide how to respond to it as it happens.

Prevention is also part of the preparation. However, crises tend to be unexpected and beyond the control of a single small business. As such, these two are the most important to prepare for. This idea can be easier to illustrate with a non-business example.

The local council for a flood-prone area can give weather warnings for high rains, giving people time to evacuate or move precious belongings to higher ground. They can also plan emergency service priorities and purchase refuge centre supplies.

The former is mitigation. They're taking action so that the cost and risk to the life of a flood won't be as severe. The latter is their response plan, allowing them to spring into action as soon as a flood occurs.

Mitigation

Once you have your list of crises and their effects, you can think about how to handle them. Mitigation means taking action now, so making it part of your scale-up planning means that it can be integrated into the business alongside the other changes.

Look through your list and see if there are any common themes. For example, if your business is particularly vulnerable to a certain family of crisis, this may be something you want to work on. On the other hand, if you're fairly equal in vulnerability, you should prioritise the risk a crisis carries.

Only some crises can easily be prepared for this way, so you need to remain grounded. There's only a little your business can do if only one place in the world produces something you need. In this case, you have to accept the risk in that sector.

Some things are much easier to prepare for. For example, the sudden loss of a key player can be mitigated by making succession planning a standard practice. In addition, having a second in place that can take over responsibilities, temporarily or permanently, will smooth out the transition period.

One possible way you can mitigate risks to your business is diversification. For example, if your business operates in two different markets and industries, a crisis in one likely won't affect the other. That means one half of the business can support the other until the danger is past.

However, this is a very big change to make, so be realistic about what your business can manage. Attempting to do too much in one go can pose as much risk as anything external.

Response Planning

How would you respond to a crisis if it happened right now? Would your rapid response be the best one? Again, response planning is there so that you don't have to make these decisions on the fly.

As with mitigation, you may see patterns forming in your crisis analysis. These can be very useful, as a plan that works for one may also be suitable for another. In addition, that reduces the number of unique plans you would need to cover all eventualities.

The aim is to create an action plan that can be put in place automatically in response to certain triggers. This would inform everyone what they need to do and how they would do it, so there's no room for panic or hesitation. Ideally, your plan would kick in even if you weren't there to oversee it. However, if it involves any substantial changes, you should be the one to authorise it formally. So long as it takes out the guesswork, it will greatly help in an emergency.

When To Modify Your Plan

No matter how well you plan and prepare, crises bring the unexpected. Holding an emergency Board meeting during or in the wake of a crisis event may be the difference between riding it out or stalling.

Your business plan only makes sense so long as the assumptions it's built on are valid. Unfortunately, crises can bring massive change, which means that that's no longer the case for your plan.

You can't change that in your operations now, but it is worth knowing. Returning to your business plan and reviewing it is crucial. You must ensure that your business is still working from a viable strategy, or it's time to pivot.

Scale and Expand Your Business

Your business's operations are a wide-ranging subject. They're there in the background of everything you do and cross into your strategies for any other business area.

In the end, operations still boil down to a couple of core concepts: ease of expansion and efficiency. Working on your ease of expansion will help prevent bottlenecks from forming. Working on your efficiency will reduce overheads and prevent waste.

With such a diverse set of skills required, your business may benefit from the advice of an operation specialise. Boardroom Advisors offers <u>Part-time Operations Directors</u> that can support your business on a flexible contract that suits you.

"Don't become a blocker to growth. You can't do everything, so seek advice, get support and delegate. I sometimes find business owners who are trying to do everything from accounts to production and normally they are working too many hours and are so caught up in the minutiae that they can't see the bigger picture."

- Eian, Non-Executve Director

Do You Need Help With
Challenges Facing Your Scale Up Business?

Boardroom Advisors can help you with challenges your business is facing. Examples of challenges you may be experiencing include:

Strategic Challenges

Financial Challenges   **Management Challenges**

Operational Challenges

Book A Free Health Check
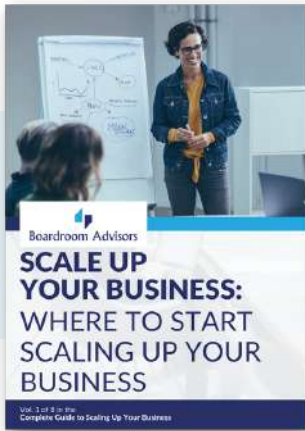To explore the particular challenges your business Is facing

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