Making Sense

Growth stage companies: challenges and opportunities of scaling your business

Maybe your company is reaching a point where it is more ambitious. Maybe you have hundreds of thousands of concurrent users of an application that you launched into the market. Or maybe there is the possibility of becoming the next unicorn (why set limits?), disrupting the specific market or revolutionizing a business model. In any of these cases you may be about to face the challenge of scaling. That is, you may have the key to entertain the possibility of an exponential multiplication of the business.

This is a possibility that entails a series of responsibilities: intensive investments; business plans that are innovative, disruptive and solvent (so that the project is attractive and collects funds); automation to be more efficient and to keep costs under control; deployment of an international vision; and, of course, the support of the cutting-edge technologies necessary to obtain the highest value of the data, which is a key element for the scaling challenge.

Strategic planning as the key

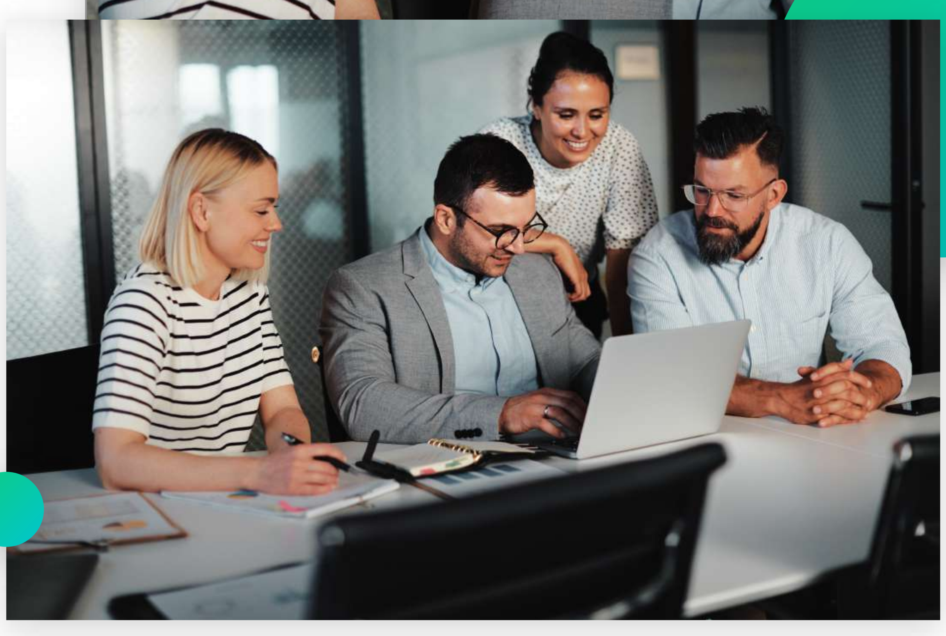
Of course, strategic planning is essential. A common mistake of growth stage companies is attempting to scale looking for a new market, or developing an ad-hoc new product without first evaluating if it would contribute an added value or a differential element that truly capitalizes on a promising opportunity. The planning involves an action plan with specific initiatives, a schedule to delimit times, metrics to identify if the course of action chosen is the right one, and leaders to guarantee that each initiative is on the right track.

The concept of "scaling" is often confused with "growth". Even if both are similar, they are fundamentally different in two aspects. Growth is linear and is directly related to the higher costs of sustaining it. Scaling, on the other hand, is exponential –way above market average– and increases in revenues are not linked to increases in costs which, in turn, stay at a linear level. That is why growth stage companies often face the dilemma of whether to grow at a regular pace or change the pace to achieve scaling.

Why the doubt? An accelerated growth may be the root of the problem. A recent **Forbes** article states that premature scaling is the number one reason why startups fail. To reach success, exponential growth must be implemented with intelligence and a strict plan.

The role of the technology partner

That is why –be it because they have received a series investment or because they are about to quote in the stock exchange– growth stage companies face an additional challenge: choosing the right technology partner that will allow them to bring operations to a new level of efficiency and guarantee them speed, autonomy and reliability throughout the growth process. At the same time, the technology partner will contribute its experience and know-how to broaden their best practices and avoid common mistakes. The technology partner can even act as a bridge between companies that are starting the scaling process and venture capital companies with which it has already conducted transformation processes.



This is no minor issue. Very often, company leaders that are undertaking such projects get bogged down by minor, everyday tasks, and do not channel the energy to lead the organization during the scaling stage. Similarly, more often than not, disorder reigns. In these circumstances, a partner will guide the company. Establishing solid work processes is key to set priorities and not deviate from the road map that will lead to achieving exponential growth.

In short, knowing how to delegate when scaling an organization is essential, and recognizing the right technology partner is fundamental.

Boost your product.
Let us help you take your business to the next level.

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hello@makingsense.com

www.makingsense.com