

The giant leap: why “scaling” is not the same as “growing”

Ever since the founders of a company conceived the idea of startups, they have been synonymous with joyful, happy postings on social media: successful rounds of investment, product acceptance by the market, innovation prizes, or news stories praising the solution... But then the time comes to scale, and things get confusing.

Founders should know that whatever brought them to this stage of growth is not the same thing that will catapult them to the scaling stage. One of the biggest problems inexperienced companies face with no knowledge of exponential expansion is that they are not aware of what they do not know. However, the process has been repeated twice or a thousand times. And other companies have made many mistakes from which everybody can learn.

By way of example, “scaling” and “growing” are frequently understood to mean the same, give or take a nuance. They are different concepts that require other actions. Depending on the type of organization under consideration, they have a different impact. In the case of professional service companies, scaling is very complex since it will require other talents whenever the goal is to reach new clients. Instead, when dealing with platforms based on new technologies provided “as a service,” the whole thing will flow naturally. With minimum additional costs, the company can expand the consumer base and offer monthly subscriptions to increase its revenues.

From the linear to the exponential

To understand the most important differences, we can say that growth, in general, is measured in linear terms: a company incorporates resources, such as capital, people, or technology, and, as a consequence, there is an increase in its revenues, number of clients or market. Scaling, instead, entails a transformation in the way the company does things, which facilitates its exponential growth. This is often achieved without increasing any resources: an app can be downloaded millions of times in a single day. Maybe this happened because something related to the app went viral on social media. In this B2B world, a company that launches a digital sales channel can also see how the number of buyers is multiplied overnight. In the same way, in which any increases in revenues are directly linked to increases in costs in times of growth, scaling can be reached without experiencing a significant rise in prices (even though costs will indeed increase gradually).

That is just the beginning. The following day, the company will need to guarantee the following: the product will continue to work correctly and safely, even considering the overload of new users; the operating efficiency of processes will not be compromised; and the work team will provide solutions for the fast- and exponentially-growing number of requests, feedback, and complaints.

This is when the company’s ability comes into play. It must have foreseen the need to create a strategic scaling plan and assembled a team capable of accompanying the process. This is not a run-of-the-mill team-augmentation exercise. Instead, it is about generating value from the moment the team is assembled – a task that can be simplified with the help of the right technology partner.

From certainty to unpredictability

Unlike growth –which is usually programmed because of its linear nature– scaling can become unpredictable. This forces growth stage companies to stay agile and adaptable, capable of quickly avoiding any obstacle in their way, understanding their target markets, and capitalizing on all the opportunities that may come up.

Scaling imposes obligations that are often perceived as bureaucratic and alien to innovation and creativity– for example, installing a back-office and a front office to support operations, segment responsibilities, and make it possible to standardize processes across the company. This needs to be managed within the teams to avoid losing motivation or the feeling that a part of the company is already betting on change and disruption. Technology partners will need to accompany the process. They will have to be experienced in leading hybrid teams and managing corporate culture. At this stage, these requirements can show how to achieve the goals by concentrating all efforts on the core of the business. That is, on what will enable scaling.

In short, when the time comes to scale, companies need to be well accompanied by a technology partner that helps them face the cultural and team-building challenges to turn “potential” into “success.”



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