

Entrepreneurs excel at identifying business opportunities and finding resources to transform innovative ideas into reality. An entrepreneurial mindset is the mental attitude common to entrepreneurs. It typically includes an optimistic, can-do outlook and the personal ambition necessary to create a business. This is ideal for starting a business but may not be as useful when it comes to growing the business.

PERSONAL FEELINGS ABOUT BUSINESS GROWTH

Business growth often requires the owner to give up some personal control over the business. This may be difficult for someone who has been the driving force and creative center of the business and largely responsible for its success. A micromanager is an individual who interferes too much in the decisions and tasks of associates or employees. He or she constantly scrutinizes and criticizes everything they do, or automatically dismisses their ideas and opinions as inferior. A micromanager does not trust others to get things done or do them right. A business owner prone to micromanagement, or reluctant to delegate responsibilities, may become overwhelmed by the added demands of business growth. Entrepreneurs must truthfully examine their personal feelings about giving up some control for the chance to grow the business.

Also, business growth increases risk. The growth effort may fail; it may even put the overall business in jeopardy. Entrepreneurs who are considering growth should carefully examine the risks involved and weigh them against their personal capacity for taking on that risk. Obviously there are personal challenges and potential negative consequences associated with business growth. However, growth that is successful can be rewarding to a business owner. It will probably bring greater personal income and financial stability and a sense of accomplishment. Business owners must ultimately make the decision about whether to grow or not, based on their life goals.

PRACTICAL CHALLENGES OF GROWING A BUSINESS

Growing a business involves six practical challenges. Each should be addressed in the revised business plan you will develop.

1. **Space.** A growing business usually requires more physical space. If the existing building or rooms are not large enough to handle the expansion, you will have to find additional space.
2. **Business Structure.** You may need to change the organizational structure of your business—for example, from a sole proprietorship to a limited liability company or corporation.
3. **Materials and Equipment.** Growth may require you to purchase more materials, equipment, and office furniture and supplies. A manufacturing business that wants to grow must be sure the supply chain will be able to accommodate the new demands.
4. **Information Technology (IT).** This is the use of computer systems, hardware, and software to store and manage information. IT demands for accounting, purchasing, inventory, payroll and other operations will increase as the business grows and expands its recordkeeping.
5. **People and Skills.** A growing business almost always needs more employees, especially at the management level. Existing staff may have to be trained in new skills that will be necessary to make the growth effort successful.
6. **Money.** Business growth requires financing. This money may come from the company itself or from outside sources. Self-financing means obtaining the funds for growth from existing operations, for example, by reinvesting cash reserves (profits). External sources of money include debt capital, which is money obtained by a business through a loan, and equity capital, which is money obtained by a business from an investor in exchange for a share of ownership (equity) in the business. Whatever the source, you must carefully consider the financial risks and obligations as part of your strategy for growth.

Think Critically

1. Describe the entrepreneurial mindset.
2. Name some of the advantages and disadvantages of growing a business.
3. Describe a micromanager.
4. List six practical challenges of growing a business.
5. Why does growing a business usually require more IT?
6. Name the three options for financing business growth.
7. How can a SWOT analysis help an established business?