

Growing a Small Business: Weighing the Pros and Cons



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For many small business owners, the idea of growing—growing your business to serve more customers, increase revenue, or expand geographically—can be both exciting and daunting. While the potential rewards are substantial, growing also comes with significant risks and challenges. Before diving in, it's essential to understand the pros and cons of growing so you can make a strategic decision that aligns with your goals, resources, and risk tolerance.

PROS OF GROWING YOUR SMALL BUSINESS

1. Increased Revenue and Profit Potential

One of the most compelling reasons to grow a business is the opportunity to increase revenue. By expanding your operations—whether that means opening more locations, launching new products, or serving more customers—you can grow your top-line earnings significantly. If done efficiently, growing can also improve your profit margins through economies of grow, where the cost per unit of output decreases as production increases.

2. Market Expansion and Brand Recognition

Growing can help your business reach new markets and attract a wider customer base. Whether you're tapping into a new geographical area or expanding your online presence, broader exposure can enhance your brand's reputation and recognition. A strong brand can lead to increased customer trust, word-of-mouth referrals, and long-term loyalty.

3. Improved Operational Efficiency

As businesses grow, they often invest in more sophisticated tools, technologies, and systems to streamline operations. This can lead to improved efficiency, better resource management, and more consistent service delivery. Automating tasks like inventory management, customer relationship management, or accounting can free up time for strategic planning and innovation.

4. Attracting Top Talent and Investment

A growing company can be more attractive to talented professionals seeking opportunities for advancement, creativity, and impact. Likewise, investors are more likely to consider businesses with growth potential. Growing can make your business eligible for venture capital, loans, or grants that may not be available to smaller operations.

5. Competitive Advantage

Growing can position your business to outpace competitors. A larger company can offer lower prices, better service, or more diverse products than smaller rivals. With greater resources and reach, you may also be able to innovate faster, adapt to market changes more quickly, and invest in customer acquisition and retention strategies.

6. **More to Give** A larger business might mean larger impact through generosity, create a positive tipping point for employment and transformation in a community, etc...

CONS OF GROWING YOUR SMALL BUSINESS

1. Loss of Control

As a business grows, it becomes increasingly difficult for an owner to stay involved in every decision. You may need to delegate tasks, trust managers, and let go of day-to-day operations. This loss of control can lead to misalignment with your original vision or values if your leadership team doesn't fully reflect your priorities.

2. Financial Risk

Growing a business often requires significant financial investment—whether in hiring, infrastructure, marketing, or product development. If the growth doesn't go as planned, you could face cash flow shortages, mounting debt, or operational losses. For some small businesses, growing too quickly can be as dangerous as not growing at all.

3. Increased Complexity and Stress

Larger businesses bring more complex operations, including HR management, compliance, logistics, and customer service. The systems that worked for a five-person team may not grow to a 50-person company. As complexity increases, so do the chances of inefficiencies, communication breakdowns, or service inconsistencies. For many entrepreneurs, the stress of managing a larger business can outweigh the rewards.

4. Risk of Diluting Company Culture

A tightly-knit team and unique culture are often key strengths of small businesses. As you grow, maintaining that culture becomes more difficult. New employees, multiple locations, or remote work arrangements can lead to cultural drift. Without deliberate effort, the very qualities that made your company special may be lost.

5. Customer Experience Can Suffer

With rapid growth, maintaining the same level of customer service becomes challenging. Long-time customers may feel neglected if attention shifts to new markets or if customer service becomes less personal. Poor customer experiences can quickly damage your reputation, especially in the age of online reviews and social media.

6. Less of What Energizes You

My first small business client shared his desire to grow his remodeling business. He hired me and we grew the business from four employees to 14 in about a year and half. His responsibilities changed, spending less time in the field and more time in the office. He came to realize that he was no longer doing what he enjoyed about remodeling- the hands on craftsmanship. When the economy cycled down and he had to lay off employees, he decided not to rebuild when the economy picked up. An office assistant and a helper in the field working alongside him brought more joy and satisfaction than expanding the business. There may be a time during expansion as an owner that you will do less of what you enjoy for a season.

Key Considerations Before Growing

Growing should never be impulsive. Here are some key factors to evaluate:

- **Market Demand:** Is there enough demand to support your growth? Conduct market research and gather customer feedback to validate your expansion plans.
- **Operational Readiness:** Are your systems, processes, and team ready for increased volume? Growing inefficiencies will only magnify existing problems.
- **Cash Flow and Capital:** Do you have the financial cushion to withstand a potential dip in profitability during the growth phase?
- **Team Capacity:** Can your current team handle the changes that come with growing? Do you have leadership in place to manage different departments or locations?
- **Long-Term Vision:** Are you growing because it aligns with your personal and professional goals—or just because it seems like the logical next step?

Alternatives to Traditional Growing

Growing doesn't have to mean opening more locations or doubling your staff. There are more measured ways to grow:

- **Niche Specialization:** Deepen your presence in a particular niche rather than broadening your market.
- **Digital Expansion:** Use e-commerce or online services to reach more customers without major overhead.
- **Partnerships and Franchising:** Collaborate with others to grow without bearing the full burden of expansion.
- **Outsourcing:** Delegate non-core functions (like payroll or customer service) to keep operations lean while supporting growth.

Final Thoughts

Growing a small business is a major decision—one that involves balancing ambition with realism, growth with sustainability, and opportunity with risk. Done wisely, it can transform your business, create wealth, and extend your impact. But it's equally possible to overextend, burn out, or compromise the values that made your business successful in the first place.

Take the time to plan thoroughly, assess your readiness, and consider all alternatives. Talk to mentors, advisors, or other entrepreneurs who've been through it. Growing isn't the right move for every business, and sometimes staying small and profitable can be more fulfilling and sustainable than chasing aggressive growth.

ASK YOUR MENTOR

1. How did you decide to grow your business? Why did you decide to grow?
2. What did you wish that you had done differently? What would you have done the same?
3. What was it like growing your business? How did growing affect your relationships at home, church, work, etc..?
4. Can you relate to the pros and cons above? In what way?
5. What's your advice on deciding to grow?

Reflect & Respond/Self-Rate

Based on the pros and cons above, consider if growing is something that you want to tackle. What pros excite you? What cons stress you out thinking about?

Go Do

1. Ask God, "What do you want for Your business? Does faithful stewardship look like growing the business? Staying the same? Shrinking?"
2. Practice. Interview others who have growd a business.

Sources & Resources

<https://www.forbes.com/councils/theyec/2023/03/01/the-top-10-ways-to-strategically-grow-not-just-grow-your-business/>

Growing a company vs growing a company, <https://www.youtube.com/watch?v=8yGM28Uq8mk>