



# SCALING UP OR DOWN?

## WHAT SHOULD YOU BE CONSIDERING

Scaling up lets you add more resources to easily handle peak workloads. Then, when the resources are no longer needed anymore, scaling down lets you go back to the original state and save on costs. Scaling up and/or down can happen numerous times throughout the business life cycle, we hear these terms a lot but what should you be considering when scaling up or down?

### Scale Up Challenges or Considerations

- Scaling at the wrong time. Success can come in waves its not always worth a scale up for a small period.
- Imbalanced cash flow. Cash makes your business run, do you have the cash flow to make these changes?
- Inefficient processes and time management. If you have these inefficiencies now they will still be there after you have scaled. Make sure you have done an audit to ensure you are scaling because it is what the business needs, not because you have inefficiencies.
- Loss of focus - if you make changes now will you lose focus of what you are overall trying to achieve?
- Lack of business alignment. Was this in your original business plan to get bigger or smaller - revisit the basics.
- The need to trim down as you scale up - if you are making things move more efficiently as you become bigger, for example replacing manual labour with machinery, make sure you either get rid of the manual labour costs or redirect them to ensure efficiency.



# SCALING UP OR DOWN?

## WHAT SHOULD YOU BE CONSIDERING

### How do you know when to scale?

- Turning down potential business opportunities. Ask yourself, was it always your business model to get to this level? If you are turning away business leads and opportunities because you don't have the resources - this could mean a scale up is required.
- Surpassing previous goals. Are you absolutely smashing your budgets and expectations? Could you get a bit more capacity from a scale up?
- Strong cash flow and repeatable sales. Is the financial risk low because you have good cash flow and have the sales trends been stable over a 6-12 month period?
- Proven concept and reliable infrastructure. Do people need/want your product? Is it proven to be popular?
- An atmosphere of minimal risk - have you considered all the risks?

**Remember who won out of the hare and the tortoise. Slow and steady usually is a better method than an 'all-in' approach.**