

Starting vs. Growing a Business

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1 William P. Clements High School
2 Bain & Company
3 Katy Area Chamber of Commerce
4 Small Business Development Center
5 FBISD GT Mentorship Program

INTRODUCTION/MOTIVATIONS

Since the spark of COVID-19, unemployment has pushed many aspiring individuals to start their own business, whether that be a local shop or growing startup. This **spike** in the number of businesses has also unfortunately resulted in their failure, as most are unable to continue the **momentum** they started with. A Digital Leadership article states that organizational change will continually help businesses **find and nurture** new business ideas and opportunities, and it is this resistance to change that causes businesses to **plateau**. However, many companies have also failed due to their tendency to steer off course. In fact, a blog post about change management lists **employee resentment, the cost of failure, and fallout** as reasons why businesses should not change. It is these inconsistencies that cause business owners to be unclear while decision-making. Understanding the need for change by dissecting the factors to consider when **starting versus growing** a business will ensure that more businesses are educated and prepared in every business stage. **This research endeavor aims to recognize what a business should focus on when in its beginning stages versus when seeking growth.**

"In the United States, around 595,000 businesses fail or close each year."

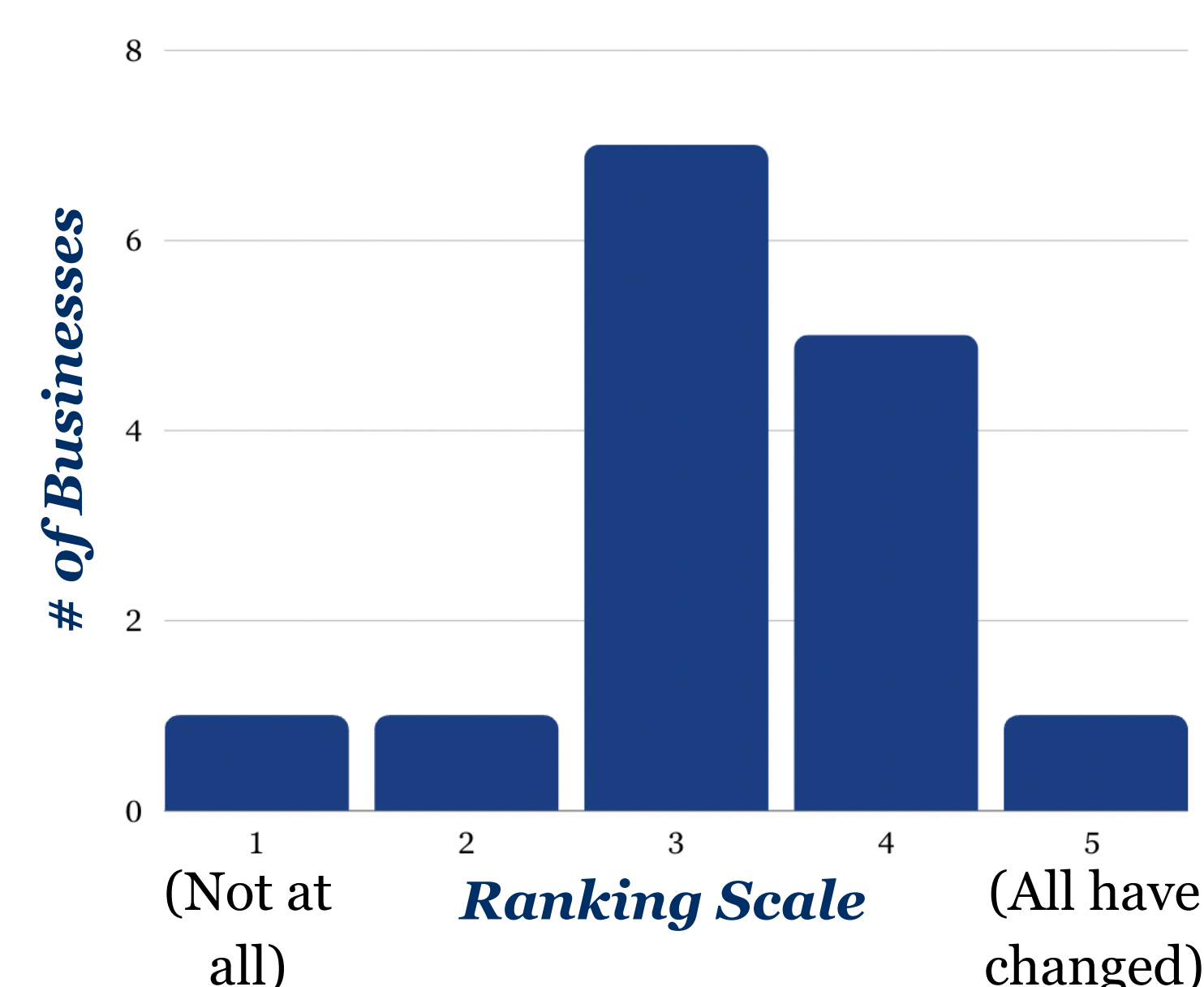
-Chamber of Commerce

METHODOLOGY

As previously mentioned, this study's goal is to discover what a business's priorities should be to successfully start and grow a business, and what the differences are between the two goals. The data in this study was collected using both **online research** and **client surveys**. To determine the factors to consider when beginning a business, the researcher looked to their work with the **Small Business Development Center** for resources, such as presentations, that taught these steps to aspiring small business owners at monthly workshops. When looking at business expansion, the researcher utilized **Bain & Company's** website/articles that detailed how Bain works with businesses in igniting growth. Lastly, in order to gain insight from business owners themselves, the researcher surveyed 15 businesses from the **Katy Area Chamber of Commerce** that had experienced significant growth recently; this way, they would be able to attest to both spectrums of the study.

RESULTS

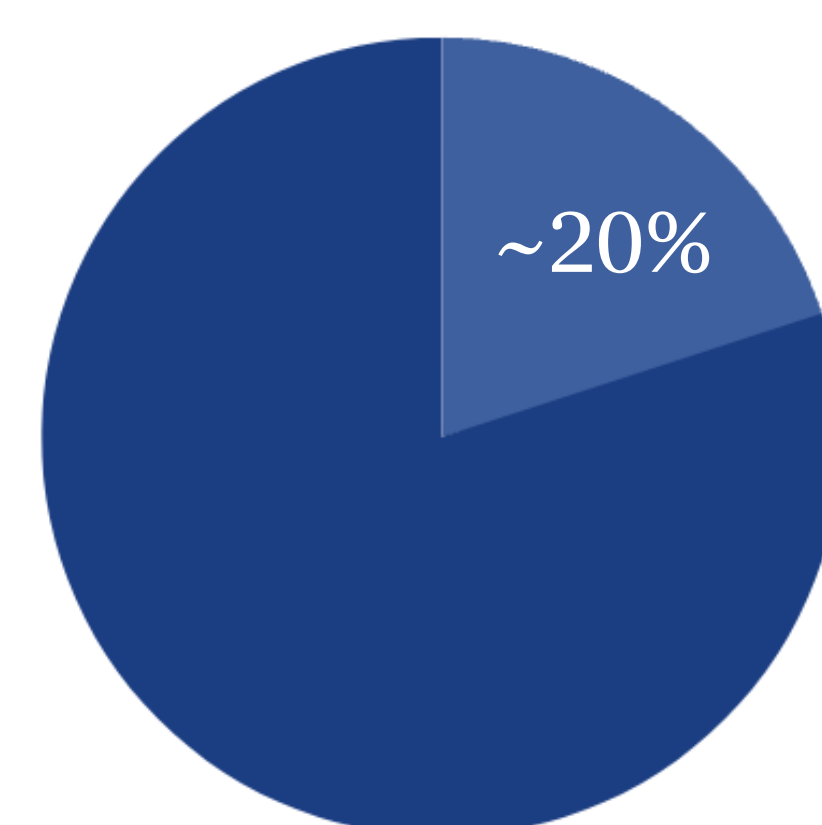
Since experiencing business growth, have you seen your business's priorities change?



If so, please explain why in your own words.

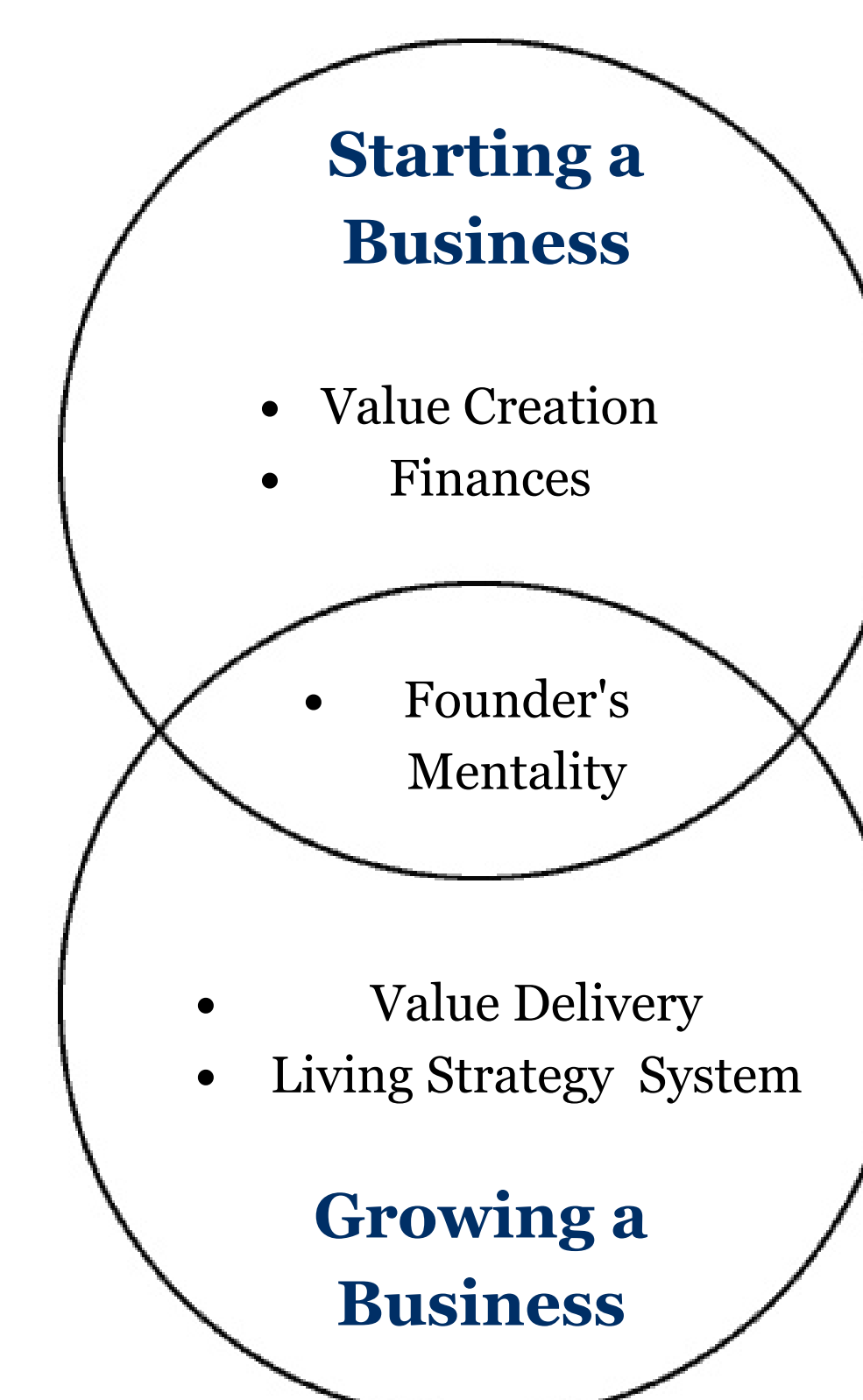
"We are consistently growing and as we grow, we are refocusing as needed."

"You need to be flexible to adjust your business to the changing demands and look to what's ahead."



Percentage of companies that is likely to be suffering a **stall-out** in its main growth engine, meaning that, for over five years, it has suffered declines of more than 25% in revenue and more than 50% in profit

After hearing from small business owners themselves, and reading through the SBDC's workshop, **New Business Orientation**, I discovered that the two main struggles that entrepreneurs face are the ideas of **value creation and handling finances**. On Bain's website, articles about the company's **growth strategy and Engine 2 procedures** bridged the gap between the two sides with the concept of a **Founder's Mentality** and formulated the two main methods under Growing a Business: **value delivery and a living strategy system**.



KEY TAKEAWAYS

- **Starting a Business**
 - Value Creation
 - Identify a need/want
 - Measure the opportunity
 - Strategic positioning
 - Finances
 - Self-funding
 - Investors (venture capital/crowdfunding)
 - Loans
- **Growing a Business**
 - Value Delivery
 - Turning Engine 1 into Engine 2
 - Distant adjacency to the core
 - Thinking externally (M&A/startup)
 - Living Strategy System
 - Intelligently allocating resources
 - Strategically planning with no boundaries (time, budgeting, etc.)
- **Both**
 - Founder's Mentality
 - Insurgency
 - Frontline obsession
 - Owner mindset

NEXT STEPS

What many don't know is that developing a **solid foundation** is equally as important as the steps one take following the success of their business; but companies are hindering their own achievement when they don't **modify their methods** following growth. At the start, a business is catered towards a smaller target market, carries less resources/knowledge, and have thus not reached their full potential. When a business is ready to grow, they must now alter their business to fit **future trends**. This may mean catering to a new market, developing a product to utilize more modern technology, or scrapping the business completely. Making these decisions can be grueling, but failure to do so can lead to a **business's destruction**. That being said, while a modification of business practices is necessary, owners must refrain from jumping to the opposite end of the spectrum as well. For instance, as businesses grow into multi-billion dollar corporations, the values of the business are often lost, leading to a lack of clarity and drive. It is this **"Founder's Mentality"** that ensures for bold, yet personable thinking throughout a business's life cycle. To avoid more failures in the future, businesses must find this **delicate balance** of focusing on core principles while still enabling their business to reach new heights.