



HEI MAKERS

SECTION #5 GROWING YOUR BUSINESS

Technological Entrepreneurship Module



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5.1. SCALE-UP

- Aim of the topic is to learn what the requirements are for expanding a business and making it successful.
- Expected learning outcomes: Understanding what is meant by scale-up and what it means for business growth.

Duration	?? academic hrs
Author / Lecturer	Name Surname, organisation
Delivery methods	Individual / Teamwork / P2P
Evaluation methods	Test / Report / Feedback / Exam etc.

WHAT DOES IT MEAN TO SCALE UP?



Various definitions in business world describe it as :ability to grow; making the business adaptable when any of the things grow;



Refers broadly to “doing more”



It is a guided process based on a lasting basis



VERTICAL SCALING UP

- Vertical scaling up refers to: the policy; political; legal; regulatory; budgetary or other industry changes needed to regulate the innovation at the national level
- This type of scaling up requires the understanding of particular industry/ market and related political processes.
- If the country's government is not interested into the innovation and its expansion, vertical scaling up might be more difficult.

HORIZONTAL SCALING UP

- This type of scaling up refers to expansion or replication of innovation
- Expansion of innovation requires businesses to make strategic choices regarding the dissemination of the innovation to new areas/different users.
- Horizontal scaling up is not enough to ensure the full integration of innovation in users organization. To be sustainable scaling up needs to combine both vertical and horizontal scaling up

VERTICAL VS. HORIZONTAL SCALE UP



Scale Up- Vertical Scaling



Scale Out- Horizontal Scaling

SCALING-UP TYPES: DIRECT AND INDIRECT

- **Direct scaling** is a straight forward scaling up style which mean the growth of sales, by growing the company with direct sales
- It usually is the first growth phase for any venture and it is critical
- For most of the companies this is the scaling type they will ever use
- **Indirect scaling** means that innovators use lots of different strategies starting from open sourcing to franchising, teaching others the adaptation of innovators model.

5.2. BUSINESS GROWTH STRATEGY

- Aim of the topic is to be able to identify a suitable route for business growth.
- Expected learning outcomes: Logical derivation of a strategy for scale-up (step-by-step) and how this can be achieved.

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SCALING UP STRATEGY

Steps for developing a scaling up strategy



1. Developing an action plan
2. Finding out if the innovation is needed and how the usage of it could be expanded
3. Exploring the environment that can influence scaling up process
4. Gathering the resource team to support scaling up process

SCALING UP STRATEGY

5. Making strategic choices to support horizontal and vertical scaling up

6. Plan the actions in case of spontaneous scaling up

7. Finalizing the scaling up strategy and planning the next steps



EVOLUTION OF BUSINESS

Short exercise to find out if the business is ready for scaling up

Every business has its own identified core products or services. Thus below you may find three questions which will help to know if the business is ready for the scaling up.

1. Is this product/service sufficiently 'standardized' that it can be rolled out at mass scale?
2. Is this product financially viable?
3. Is delivering this product or service dependant on any special factors that might limit your ability to roll it out at mass scale and other regions?

5.3. CHALLENGES

- Aim of the topic is understanding why it is important to plan ahead before scaling-up or developing a business.
- Expected learning outcomes: Identification of key challenges associated with scale-up and business growth.

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KEY CHALLENGES

When businesses decide to scale-up, often times they face some doubts, fears and challenges.

Fear of losing control

This fear stops businesses to scale up, because most of the owners are not willing to give up some part of the ownership to others. Struggles to find the investors with the right fit for it. There is no emotional bond between new investors and business.



KEY CHALLENGES

Mismatch between businesses and investors

Not all businesses are aware of what exactly investors are looking for. Most of the times they mismatch their needs and expectations.

Most of the times investors have turned down the investment because of the poor management team, while businesses underestimate the importance of it. Communication inside the business and investors is extremely important to attract the investment.

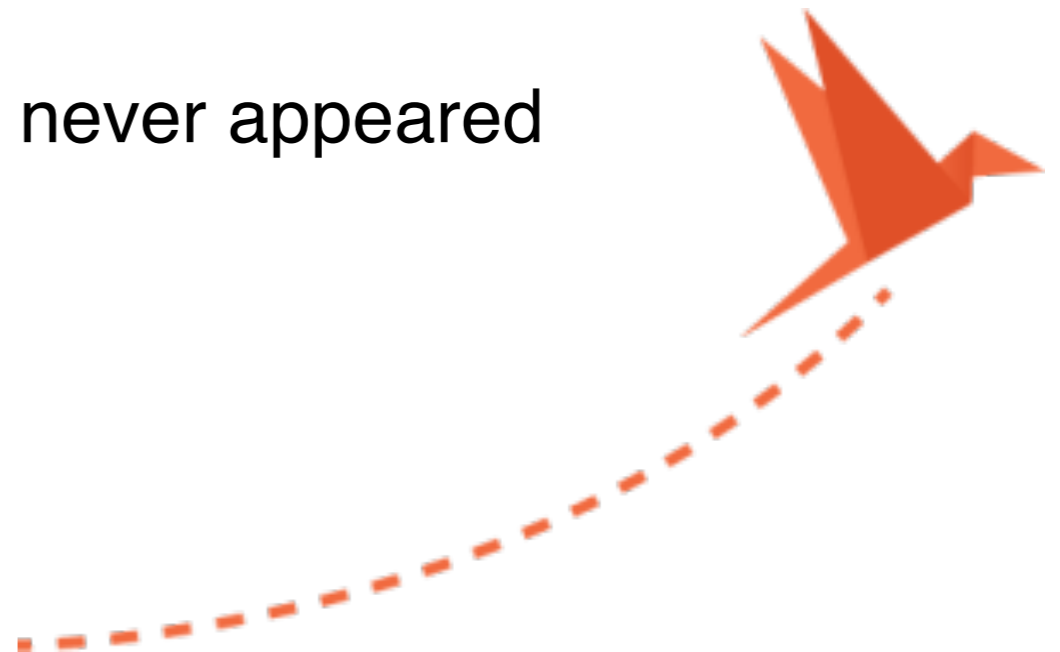


KEY CHALLENGES

Scaling up too quickly

Every business is happy seeing the growth and prospects, but not all of them take into the consideration the fact that it might be happening too fast. Below you may find some signs that lead to quick scaling up:

- The growth of business is breaking down the business foundation
- Hiring many people to innovate
- Mistakes happen in the fields where they never appeared
- Big cash flow gaps
- Staff members can't keep up
- No value is being delivered



KEY CHALLENGES

Time management

When business is unable to manage its time correctly, the problems occur. A good tip would be to look at the business's notes from last 4-5 leadership meetings, and if more time was spent on internal operations than customers, the scale up process might be going off. The imbalance must be fixed, by shifting the focus on customers and minimizing internal investments.

FURTHER LEARNING

Lessons from a start-up that scaled up, TEDxUW:

<https://www.youtube.com/watch?v=m4MjzBSCLx0>

How to Scale Your Business:

<https://www.youtube.com/watch?v=CEE-irUEOC8>

The Step-Up Guide:

https://www.vonage.co.uk/pdf/guides/VONAGE_STEP_UP_GUIDE.pdf

