

Building and improving capacity

To meet the demands of increased growth, you'll probably need to increase your capacity by either doing more with what you have, or investing in new skills, expertise, and equipment. We've got some tips to help you improve your capacity.

Build in-house capacity

It's possible that you can meet demands simply by enhancing your current in-house resources. Because this is a less costly route to take, it makes sense to start here first.

Examine your needs and what skills are currently available to you via your staff. Identify gaps between what you need and what you have. Explore whether those gaps can be met with professional development, revised job descriptions, or additional training.

Enhance your systems

Good record-keeping and bookkeeping will help you know how your business is doing. It's easy to track all your expenses and revenue if you use accounting software.

Automate everything that a customer expects to be automated. This could include:

[PayPal](#) to receive offshore funds, [Shopify](#) to run an online store, [Lightspeed](#) to manage retail POS, [Google Analytics](#) to track web traffic, [Mailchimp](#) to send e-newsletters and of course [Facebook](#), [LinkedIn](#), and [X](#) to run your social media campaigns. Find out which apps apply to your industry the most by talking to your industry association or other business owners.

Cashflow forecasting will enable you to anticipate a possible cashflow problem so you can act before it becomes a major issue. Some solutions include:

- Tight creditor and debtor control, such as invoicing promptly, collecting debts on time, and following up quickly if a payment is late or missed.
- Reviewing your pricing and costing to make sure your sales are profitable and you're earning enough from your sales to be sustainable.
- Reducing operating expenses where possible to save money and reallocate those funds to more pressing activities.

Small business owners often complete a variety of routine daily tasks. Document each important or daily process in your business and then develop templates, repeatable processes, or standard forms to speed everyone up. The more automatic you can make daily tasks, the more efficient and scalable your business will be.

Tips for building external capacity

Once you've streamlined your business, the next step is to take the plunge and increase your overall capacity, so can be sure that any increase in demand is sustainable.

Consider contractors

Identify third party contractors or other companies that could take up extra slack to increase your capacity at any time. It will free up you or your employees to work on the more important parts of the business, such as marketing or delivery/production. Having various other people or businesses that you can contract parts of what you do can ease temporary capacity issues before you decide to employ full-timers or buy additional equipment or inventory space.

It also gives you flexibility because you can hire contractors only for the work that needs to be done, relying on them as dictated by the market.

Review your equipment

If some of your equipment is outdated or obsolete, an upgrade may help you build more capacity. You could:

- › Lease key equipment or machinery until the capacity issue is solved or outsource some of the tasks that require additional machinery you can't afford.
- › Investigate new technology that removes redundant processes or replaces manual tasks, such as software or other automated processes.
- › Buy new equipment, especially if the increased capacity will be needed for the long term to sustain prolonged growth.

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Purchasing new equipment can be expensive but remember that competitive advantage is gained from getting products to market quicker than your competition. Conduct a cash flow forecast to see the impact loan repayments have compared to the extra efficiencies or production you'll gain.

Strategic alliances

Forming a business relationship with a partner or partners may provide you with several advantages. You may be able to access technologies or patented processes owned by the other partner. Additionally, you may be able to access their distribution network.

If you are thinking of forming a partnership, consider your strengths and weaknesses compared with your potential partners. The ideal partnership takes advantage of your core competencies while strengthening weaker areas of your business.

Well-chosen partnerships can provide advantages such as sharing the workload and time commitment, providing opportunities for growth for everyone involved, accessing resources, such as technology, and even needed support and motivation.

Next steps

- › Assess your current team's strengths and identify skill gaps. Consider training, professional development, or adjusting job roles to enhance efficiency and internal capabilities without major investments.
- › Identify repetitive, manual tasks and implement tools like accounting software, email marketing platforms, or point-of-sale systems. Automation not only saves time but also increases scalability.
- › Outsource specialized tasks to contractors or service providers. This approach provides flexibility, allowing you to expand capacity as needed without the long-term commitment of additional hires.
- › Make sure your tools and software are up to date. Investing in efficient solutions can speed up operations, reduce bottlenecks, and support growth.

By focusing on strategic planning and making thoughtful improvements, you can build capacity, stay competitive, and position your business for sustainable growth.

Raising capital

If you decide there is merit in expanding your capacity or improving your capability, you may need to spend money to make it happen. Some financial options include:

- Accessing funds from friends and family members.
- Borrowing money from the bank. Talk to us about how we can help grow your business.
- Angel investors who think your business is promising and are willing to buy into it.
- Venture capitalists.
- Government and state assistance.
- Corporate investors.
- Crowdfunding.

Note

This is a guide only and should neither replace competent advice, nor be taken or relied upon as financial or professional advice. Seek professional advice before making any decision that could affect your business.