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SuccessIsWhat

Scaling Up Your Business: The Biggest Mistakes to Avoid

33 globally-renowned leaders – from tech as well as 'non-tech' businesses talk about the biggest mistakes to avoid while scaling up.

About Us

Peter Banerjea and Joy Ghose are Co-Founders of SuccessIsWhat.com, a blog on Productivity, Leadership and Technology.

Peter Banerjea

Co-Founder and Productivity Coach

Peter has coached and trained numerous people in the areas of productivity and leadership including entrepreneurs, business leaders from the US, Canada, UK, Singapore, India, Australia, New Zealand and several other places. He has delivered training/coaching programs for organizations like AXA, Kuoni, JCB, GKN, Calibrated Healthcare, GMR, etc.

He is a contributor to top blogs like Huffington Post, Lifehacker, Fast Company, Time Management Ninja, Tiny Buddha and Addicted2Success.

Peter has over ten years of experience in the Investment Banking, Learning and Development & Tech industries.

Peter is a Certified NLP Practitioner and is experienced in Meditation, EFT, etc. He is trained in Coaching methodologies from CLI, Canada and has a 'Train the Trainer' certification from Dale Carnegie Training.

Peter has an MBA in Finance and Marketing and an undergrad degree in commerce.

Peter is a failed rockstar who has now found solace in mystery stories and Chinese food.

Joy Ghose

Co-Founder and Creative Genius!

Joy takes care of research, copywriting and the technology behind the SuccessIsWhat blog.

As a journalist for more than ten years, she has interacted with CEOs and top leaders from all over the world in the IT, telecom, pharmaceutical and banking industries . She has also met artists, musicians, authors and painters that has helped shape her as a writer and a blogger.

Joy has an MBA in Finance and Marketing and an undergrad degree in journalism.

Joy loves writing short stories which have been published in various online publications as well as the Tiny Buddha Book published by HarperCollins. And did I forget – she is a Starbucks addict and swears by Douglas Adams as the ultimate source of wisdom about life the universe and everything!

Scaling Up Your Business: 33 Leaders on the Biggest Mistakes to Avoid

Scaling up a business is a very different ball game from *starting* a business.

A new level brings with it numerous challenges. If you get it wrong, you will either lose a lot of money, or worse - you might even have to shut down.

The best way to avoid some of these mistakes is to listen to leaders who have successfully scaled up and learn from them. To know more about what mistakes one should avoid, we reached out to several leaders who have built and/or grown successful businesses. **We asked them this question:**

"What's one key mistake that CEOs need to avoid when scaling up their business?"

We got answers from 33 globally-renowned leaders - from tech as well as 'non-tech' businesses. (Special thanks to the great people at Inkhouse Public Relations for their contributions!)

Not just for Tech or Product Businesses

While we usually use the term 'scaling up' in the tech startup world, the lessons these leaders have shared with us are applicable to all businesses. The leaders who have contributed to this article belong to both tech as well as 'non-tech' businesses, and product as well as services sectors.

While we have Brian Halligan from Hubspot and Chris O'Neill from Evernote, we also have Fouad ElNaggar, the former Chief Strategy Officer of CBS Interactive, and John Studdert from 80/20 Advisors (formerly CEO of Ogilvy PR Australia)

Our contributors are from North America, Europe, Australia and Asia. The fact is that **many mistakes of scaling up are common across industries and geographies.** And that's one of the key things you will discover in this article.

Over to our Guests (Alphabetical order)

In case you are wondering, these are all original quotes given to SuccessIsWhat.com :)

Aaron Agius

Managing Director and Co-Founder of Louder Online

"CEO's often make the mistake of scaling too fast. Most businesses want to grow in size and revenue, but some CEO's push for it before the company is ready, over investing in resources and not creating the solid structure that

is needed to handle the growth."

Alari Aho

Co-founder & CEO, Toggl

"After the initial success people tend to think that they've made it and stop pushing forward. I think it's very important to always keep setting new goals and taking on new challenges. Never lose the momentum of growth."

Andrea Loubier

CEO, Mailbird

"Making assumptions about their key potential customers without gathering at least 1 year of data and feedback on them. This way you don't expend a ton of your precious and limited startup resources on developing something that you shouldn't because it's simply not what your target customers want.

Another thing is not waiting to hire the talent you need when it's too late. Hiring takes time, and when you want to hire the best fit for your company, you should take the time to find the right person. Better to create a hiring plan based on the business milestones, roadmap and resource needs so you are prepared and timely with your human capital needs for the business.

Another is to again, do the research when localizing. If you don't do this, then you again you waste limited resources on something that is not well

thought out and planned, with a measurable outcome in the end. For example, don't try to get your business into China, without fully understanding the Chinese market and marketing channels, language...this is usually hard to do on your own, so better to work with a local Chinese marketing agency to help you with your roll out."

Brian Halligan

CEO and Co-Founder, Hubspot

"One thing that can kill a scale-up is the "uninspired compromise." The more managers sitting in the room with strong opinions and good arguments, the more likely you are to come up with an uninspired compromise that makes everyone happy, but is almost always the most conservative path. Your job as a CEO is to make the right decision, not the most popular decision. To pull this off, your team must have a culture of healthy debate and rally around the decision whether they're advocating for it or not. There's no "I" in team."

Chris O'Neill

CEO, Evernote

"Great businesses have a clear mission and purpose and stay true to who they are regardless of external conditions. When I became CEO of Evernote

in 2015, it was clear there was great brand love and in order to scale the business for growth we needed to regain focus, eliminate distractions and build the team with the right skills to win. Building the team and maintaining clarity of purpose and mission is incredibly powerful and necessary. Today Evernote has more than 200 million users around the world and we feel like we are just getting started in terms of helping people turn their ideas into actions.

For anyone who is looking to scale a business they should ask themselves 'what makes us unique in the world and how do we ensure that mission and purpose is clear to everyone on the team' and then go execute with passion, compassion and a willingness to learn and adapt quickly. For leaders, it's important to remember repetition doesn't spoil the message. This is especially true when you need to evolve the company to meet changing customer needs and market demands. Repetition doesn't spoil the prayer, as it were."

Christopher Gimmer

Co-Founder, Snappa

"When scaling up a business, CEOs need to avoid bad hires. An A player can be infinitely more valuable to your business than a B player. Also, hiring people who fit into your culture is just as, if not more important than talent alone. Employees that don't align with your vision and culture can have a detrimental impact on your business."

Dave Schneider

CEO, NinjaOutreach

"I would probably say hiring too late (or too early). Hiring is a delicate balance with cash flow. You have to remember that if you need someone for a role, it's going to take them a month or so to get up to speed, and then another few months for their work to start adding value to the business and showing results. So you have to anticipate that and hiring people in advance of when you need them. At the same time, you always have to balance hiring against your cash flow to make sure that you don't overhire."

David Hassell

CEO, 15Five

"One key mistake is trying to stay involved in all decisions. The bigger the team, the more you need to let go and trust if you're going to move quickly and not burn yourself out.
Instead you need to find and develop great leadership, empower them to act and get out of their way. This doesn't mean not being involved, it just means not being involved in EVERYTHING. Instead, pick 1-2 areas of the business (e.g. Product, Sales) where your genius allows you to make the greatest impact and focus much more of your time and energy there."

Dmitry Dragilev

Founder, JustReachOut

"Not focusing on one key metric. It is important to focus on one key metric when scaling up. Have one common goal that everyone in the company is aware of so they are motivated to perform their particular role in order to help achieve it. Also keep it super simple. Break down your goal into daily achievable tasks, and evaluate your progress toward that goal on a weekly basis.

Fouad ElNaggar

CEO, Sapho | Former Chief Strategy Officer, CBS Interactive

"From my experience, the biggest mistake when trying to scale a business is not running experiments continuously and quickly. You should always be experimenting with your people, your product, your sales choreography, and your marketing - it's the only way you will get to the best answer. To scale your business you need to run experiments quickly - if an experiment doesn't work, move on quickly. If an experiment does work, double down quickly."

Fred Stutzman, Ph.D.

CEO, Freedom

"This will sound intuitive, but CEO's must not confuse their business with another. That is to say, CEO's must develop a deep understanding of what will make their business successful, even if this is contrary to advice, peers, or external benchmarks.

As a business scales, a company is often entering uncharted territory, so it is natural for a leader to lean on exemplars, case studies, and a raft of advice suggesting what a company "should' do. My argument is that for a company to successfully scale, the CEO and team must have a clear understanding of what the company should focus on - an understanding that only comes from deeply comprehending all aspects of the business.

While this may sound intuitive, I've can't tell you how many times I've had to fight the urge to focus on things that would distract from our core mission. And I've found that regaining that focus, and doubling down on what is right for our business and customers is always the right call."

Greg Raleigh

CEO of ItsOn, Inc.

"With three startups under my belt, one of the biggest takeaways I've learned is to focus less on attracting investors. Many young entrepreneurs I

talk to today have this idea that enticing investors is the first step in building a business, when it's actually the last step. Venture capitalist firms are looking for companies that will give them a payback on their investment. So instead, focus on what value your business can provide specifically to end users and other businesses. If you can assess the market and find the right need, you'll get investors excited."

John Studdert

Founder and Managing Director, 80/20 Advisors |
Former CEO & Executive Chairman for Ogilvy PR Australia

"I've been involved in numerous companies that have scaled, either as an investor, advisor, entrepreneur or as the CEO. One of the biggest mistakes I see frequently is the CEO who has made themselves a bottleneck with too many tasks and not enough time in the day to execute them all to the satisfaction of employees, investors, customers and other stakeholders. Subsequently key initiatives lose momentum, time is wasted and accelerated growth becomes a slow grind.

The mistake is often a result of a reluctance to engage other executives who are equally or more capable than themselves. To scale, you need an organisational chart that is scalable and a CEO who can drive success for and through other people."

Jorgen Sundberg

CEO Link Humans, Founder Undercover Recruiter

"Taking their eye off the sales ball. It's great fun working on the brand, hiring interesting people, moving into new premises, splashing out on team-building events but never forget that the first priority of any company and their CEO is to bring in sales."

Junaid Kalmadi

Co-founder, Brain.fm

"Get the basics right before scaling. Basics would include solve a real pain, ship a fantastic product that constantly gets better, find clear product market fit, business model thesis validated, recruit key people for foundational areas of the team, manage and plan for your burn, etc. Scaling before getting basics right will either flop, produce mediocre growth or in some cases even kill the company (more relevant for venture backed companies)."

Kobi Omenaka

Founder at Kobestarr Digital

"You need to make sure that you have robust processes and systems in place. Having these in place maximises your efficiency at all levels of the organisation, during day to day running, publishing new content, on boarding new staff, on boarding new clients, starting new projects. These processes should be easily accessible by everyone that needs them. These processes are living documents that should be updated and refined with knowledge and experience to grow with the company."

Liam Martin

Co-founder, TimeDoctor.com and Staff.com

"Is the company really ready to scale? Sometimes you can hit the scale button and the returns are good but not great, also early results with certain marketing efforts doesn't necessarily mean that those same techniques will scale and investing in them may actually be disastrous. 5% Churn rates as an example isn't that bad if you're doing 1 million a year and a total disaster if you're doing 100 million a year especially if you buy those customers...

In our type of business (B to B SAAS) I wouldn't hit the scale button with venture capital or borrowed money until I was below 2.5% monthly churn with over 5000 customers if you want to get very technical. Before that point you haven't figured out product market fit."

Marc Altshuller

General Manager of IBM Business Analytics

"A key mistake CEOs must avoid when scaling up their businesses is relying on instinct too long when they've actually amassed enough data to make data-driven decisions.

In the early days of a new company, initial decisions are often made on a gut feeling or past experience because there was not enough data to analyze. As the company evolves, decisions become more complex and leadership requires a new level of insight to guide the business in a strategic direction. For long-term success, CEOs must commit to understanding and using analytics to uncover insights from the company's data as soon as that data is available to make better and informed decisions when scaling."

Mark Shead

Founder, Productivity501

"When a business wants to scale, it is easy to start looking for ways to hire more employees, get more office space, build more infrastructure and all the other things that go along with getting "bigger." But the purpose of scaling isn't to simply expand in size. A successful small company has found lots of little ways to do things efficiently. A small company gets good at doing things like arranging work so it can be done by five people instead of ten, finding ways to get more use out of fewer machines, and inventing creative solutions to keep production high.

In other words, a successful small company is intensely focused on productivity. It is part of the culture. Successful scaling is not a matter of just doubling all your numbers. It is about growing your efficiency and productivity as an organization. Businesses that are incredibly successful at a small scale but crash and burn when they try to "scale up," often owe their failure to losing focus on why they were successful in the first place."

Mark Babbit

President and CEO of YouTern | President of SwitchandShift

"A mistake made by far too many CEOs as they scale their business:

boxthink.

Even worse than groupthink, boxthink keeps leadership teams inside a narrow cube. The focus is on making a particular product better, and not on the problem the product was originally designed to solve. At the same time, much of the quality input is on the outside of the box looking in.

Boxthink typically happens when the CEO brings in known colleagues to fill prominent roles, rather than bringing in diverse thinking and different approaches to problem solving. It can also happen in an authoritative culture, where members of the leadership lack the confidence to set new ideas front and center.

Some of today's best businesses – and business leaders – got where they are by listening to innovative ideas of others, considering all alternatives to the original plan and by leading strategic pivots. None of that can happen in an environment infected with boxthink."

Nathan Chan

CEO & Publisher, Foundr Magazine

"The biggest mistake most startups make when attempting to scale is not having the right team or people around you. Whether it's having the right employees or the right mentors, it is absolutely crucial to have those who believe believe in your vision just as much as you do. These people are invaluable to the success of any startup. One person can't do everything and founders need to have people who have the skills and expertise that they lack in order to move forward.

Take, for example, our latest project Foundr Version 1.0. It's the first time we've ever tried doing a physical product, and it's an area that we've never had experience in before. Therefore it was crucial to seek out, and bring onboard the right people who could help guide us."

Niraj Ranjan Rout

Founder, Hiver

"Premature scaling can be fatal for any business. The most common mistakes are trying to scale up before finding your product-market fit and before having enough resources to support the scaling process. Once these are in place, start by optimizing your time either by outsourcing tasks or by automating tasks - you will need that extra time to focus on scaling. After that, all you have to do is take big bold marketing steps. Find new avenues to showcase your product and find powerful people to backup your product - a solid strategy and online networking can seriously help."

Rand Fishkin

Founder, Moz

"Many CEOs, myself included, get excited as they scale up about the possibility of tackling more and more features, products, and potential

customer audiences. As a result, we often take our eye off what made us unique and attractive to customers in the first place, and that can be extremely costly. As Bill Gurley of Benchmark Capital once said: "More Startups Die of Indigestion Than Starvation. Focus Wins. Doing too many things fails." I've experienced this personally, and it's painful."

Rich Sheridan

CEO, Menlo Innovations | Author Joy, Inc. - How We Built a Workplace People Love.

"I think the biggest mistake any leader makes, and CEOs may be particularly vulnerable, is that some of us want to be seen as the "smartest person in the room." This can cast us in the role of "answer man (or woman)." This leads us to building a team or a company that can't move faster than us.

I was reminded of this starkly when I was a VP of R&D and took my then 9-year-old daughter to work for a day to "observe me" working (read: skip a day of school and hang out in dad's office coloring). To try and have her capture a lesson from her "amazing" day of watching her dad the "big executive" work, I asked her what she learned. Her answer blew me away (and changed me forever): "Wow dad, you're really important. No one here can do anything without asking you first." Yikes. She was proud. I was mortified. In that moment, I realized I had built a team that couldn't move faster than me, and I needed to be ever present to keep them moving forward.

I can go a whole day now in the office (in our environment I sit out in the

room with the rest of the team) and no one needs me to help with anything. Joy. For them and for me."

Richard Lavina

CEO and Co-founder of Taxfyle

"One key mistake CEOs need to avoid when scaling their business is failing to realize that there are many different ways to grow your user pool. Early on, it is easy to get caught up with the impressions and clicks that mass marketing sites like Facebook and Google Ads promise. What you don't realize until you go through it is that without an established brand your customer conversion numbers won't yield the cost per acquisition that the product is capable of. On the other hand, grassroots marketing and media relationships are more effective, yielding more customers with longer lifetime values."

Ruben Gamez

Founder, Bidsketch

"Along with hiring too fast, one of the most common key mistakes when

scaling is trying to scale before you've hit product/market fit. This means if your word of mouth, repeat business, and retention (for SaaS) isn't great, then you'll want to work on improving those before you invest in scaling up.

CEO's often make the mistake of scaling too fast. Most businesses want to grow in size and revenue, but some CEO's push for it before the company is ready, over investing in resources and not creating the solid structure that is needed to handle the growth."

Sean Brecker

CEO, Headspace

"It sounds simple, but it's true: aim for where you're headed, not for where you are. This relates to multiple aspects of the business, especially hiring, space planning, organizational design, and so on. In companies that are scaling quickly, CEOs often make decisions based on where the company currently is, and then quickly the company outgrows those decisions."

Sean Smith

Co-Founder of SimpleTiger and Clean Canvas

"To me the one biggest mistake is alienating your employees on the path to

scaling up. Everyone needs to feel welcome, tied in to a larger vision, excited by what they do, and happy with the life they are able to live while working towards the company's goal. If those four things can't be done in unison then there is something wrong.

People shouldn't be strung out on a 90 hour work week, people should have freedom to do the things they enjoy and work how they'd like, people should feel connected to something bigger than themselves, and people should feel comfortable in their environment. That's when the best work is done, and when the best work is done the company succeeds.

We lose track of that a lot in America, to our own discredit. That would be the biggest mistake I see people making, specifically when starting out."

Shawn Murphy

CEO & Founder at Switch and Shift

"While it's tempting to focus on financial matters related to scaling a business, there's an equally important focus--your well-being.
Scaling a business is demanding and inherently fraught with ambiguity. These two elements make it easy to invest all available time to taking your business to the next level. While this is key if you want to grow, it cannot be done sacrificing your health. When you work long days consecutively, make time to recover from work: meditating, working out, spending time with friends, going for a bike ride, even watching a movie.

What we're learning about the brain is that it needs breaks to boost cognitive functioning. And you'll need all that brian power to scale your business. Remember, be good to yourself."

Sujan Patel

Co- Founder, Web Profits and Mailshake

"Hire a great management team and hire for what you need now. Often times I see CEOs hire people for their potential, when they really that potential to be there today. Also a great manager is the difference between a winning and repeatable strategy vs tactics that's work now."

Stephan Schambach

Founder of NewStore, Demandware, Intershop

"Having built several companies now, one of the most important lessons I've taken from the experience is the need to manage culture from the very beginning. Culture is a tool that when done right can accelerate growth, or really inhibit success when ignored. In any organization, there are so many small decisions everyday that seem immaterial, but later turn out to have vast consequences.

When you are a startup, the personality of the founders often substitute for culture, but it doesn't scale. As you grow larger, people have to be able to make large and small decisions, and know they are the right ones. With a clear understanding of the values and norms operating in your

organization, this can happen without micromanaging every action.

People understand deep down what it means to do the right thing.

In my view, the most successful organizations build a culture of entrepreneurs, who share in the success of company. Literally. That means equity for as many employees as possible. Another element that leads to success is creating a culture that is not only resilient, but can also learn and change according to its environment. Nothing remains static in the world of business. Hits will come. The companies that thrive take hits and come out stronger as a result. This requires not only hiring people that have succeeded, but also know how to fail the right way."

Stuart Rees Jones

Founder & CEO, Camps International Limited

"When you start a business you are typically focused on survival for the early years and invariably give little thought to how you will deal with growth issues. In fact, until you have to deal with real growing pains, the thought of it seems like a very nice problem you would love to have.

Businesses often accelerate as they hit a growth curve and the result is that you can often find yourself suffering the consequences of poor planning with margins taking a hit, staff retention becoming problematic, outgrowing systems and maintaining the consistency and USP's that delivered the success in the first place.

One of the key mistakes to avoid is paying lip service to the preparation needed as you hit periods of significant growth. Regular consolidation is a real discipline and can call for tough decisions.

Instinct will typically keep your focus on growth drivers and it can come as an irritant to pause, re think and invest in new technology, talent and quality controls when everything seems to be going so well.

To use a military analogy, you can lose a battle if you push forward so fast that you leave your logistical operation and re-supply flagging behind. Enjoy the success but be sure to bring your whole operation along with a carefully implemented growth plan."

Will Henshall

Founder, Focus@Will

"Ironically, I think the biggest mistake that start up CEOs make is scaling too soon and making overly optimistic and unrealistic projections to justify the spend. This is often driven by investor pressure! But the secret in scaling is to know when to fire the big guns. Market timing is absolutely everything!

For instance, Youtube was nothing unusual, anyone could have created that back when they started. The technology was literally available for free for anyone to set up. But. They saw a path, had a vision, got Google to buy into their ideas, and look what happened. Their timing was perfect.

In summary, you not only need to have a solution to a pressing problem, but you also need to have an intuitive sense of the market conditions and when is the right time to go big."

Reach Us

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