

# What do you find to be the biggest obstacles to growth?

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## Lack of planning kills growth



When you think about all the obstacles to profitable growth — lack of people, customers, and equipment, not to mention growth itself — they can all be tied to lack of planning. To my way of thinking, if owners plan, and plan correctly, almost anyone can grow profitably.

To grow profitably, you have to look ahead. You have to have a line of credit in place, a marketing and sales strategy to get more customers, etc. This is all accomplished by setting targets, establishing budgets, and developing plans.

One major stumbling block is labor. It is relatively easy to support growth with equipment and material because both are tangible and bankable. People are something else. You must have a solid organizational structure in place to put a stable workforce in the field.

Unbridled growth can put a serious crimp in quality of service. What you work so hard to attain will quickly disappear if expectations are not met. No one wants to put forth the effort to grow and then take two steps backward for every step forward.

Still, people will ask me, "Really, how difficult is it to grow 10 percent to 15 percent per year?" My response is, not too difficult at all if you own a small company. Ten percent of \$200,000 or \$300,000 may only represent a handful of new customers. It is a different scenario for larger companies.

But my advice to any company, even small companies, is to start the planning process early. It is good practice for smaller operators and absolutely fundamental to healthy and profitable growth for larger companies.

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CHRIS SENSKE

## Cash and labor are the biggest challenges



When I think about growth obstacles, two quickly come to mind — having enough cash to finance growth and finding supervisors and leaders to sustain it.

We have six locations and, historically, try to finance each new branch from our operations' revenue. I have never been comfortable borrowing money

to finance a new location, and bankers prefer having something more tangible than a customer list and market research before they cut a check. We do have a line of credit for new equipment, however, which is tangible and bankable unlike advertising, labor, and other startup costs.

Cash flow is also an obstacle. We look for customers to help us out by prepaying for their service, and we ask for terms on new equipment purchases. Still, growing a business or a new location takes time — three to five years for a new branch location to break even.

Finding leaders and supervisors who are willing to both put in the long hours in the spring and deal with managing people is also difficult. In fact, some supervisors have even returned to production jobs rather than be stressed-out by a management position.

Although we are constantly growing our people internally, good supervisors and other leaders are hard to find and keep. It is even more of a challenge to find outside people to fill leadership positions.

The obstacles associated with not having enough labor and cash to grow are not insurmountable. If they were, our industry would look a lot different. If nothing else, though, they limit growth and force companies to plan well in advance before adding on more crews, more equipment, and even a new branch location.

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