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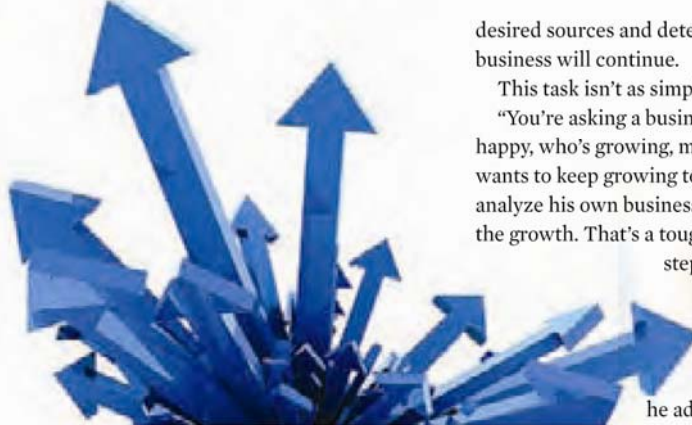
SMART GROWTH

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TOO MUCH OF A GOOD THING?

Quick Thinking Key When Growth Is Fast

By Tom Trush



Ask any group of business owners what their most important objectives are and you'll likely find growth high on their lists. But at what point does business development escalate into a problem that interferes with daily operations?

One instance is when it delays collecting payment for completed projects, says Susie Timm, community bank president of UMB Bank Arizona's Scottsdale branch. A common theme she sees with companies experiencing explosive growth is that they lack an effective system for collecting receivables. As a result, business owners come to her for lines of credit to stay ahead of collection issues.

"They have more money than they're collecting, but they still have contracts they have to execute on, so they need a line of credit in order to make good on their existing contracts and pay their employees," she explained.

One reason this problem occurs, Timm added, is that many business owners are hesitant to hire help or seek trusted advisors, especially if the additions aren't part of their business plan. And while owners are typically specialists in fields they start their businesses in, they are rarely proficient managers, marketing people or financial experts.

"You can be a one-man band when times are a little slower," she said. "But what will inevitably happen as you have success is that you realize you can't do it alone."

Bob McGee, president of Southwestern Business Financing Corp., recommends business owners take time to examine their profits to make sure they are coming from

desired sources and determine if the spike in business will continue.

This task isn't as simple as it might seem.

"You're asking a business owner who is happy, who's growing, making money and wants to keep growing to step back and really analyze his own business and the reasons for the growth. That's a tough job, for people to

step back and ask, "Why

am I really being successful?"

McGee stressed.

In some instances,

he added, explosive

growth is the result of the

economy or a surge in your sector.

An example he points to is the recent increase in lodging choices through the Valley. Leading up to the Super Bowl in February, several new hotels and motels opened — all banking on the game being here every four or five years. However, the likelihood of that happening is slim.

"A hotel that had great growth the past couple of years because the economy was good and things were rolling is not going to do as well this year," he warned.

Phoenix-based Ewing Irrigation, a distributor of landscape, irrigation and industrial products, is adding 15 locations in nine new and established markets this year alone. The rapid growth will take the company close to 200 nationwide locations, but it presents challenges for employees who may be leery of change.

"Train your employees — and then train them some more," advises Ewing President Douglas York. "We've found that even those employees who fear or resist change the most will embrace change if they receive proper and frequent training."

York also points out one very nice by-product of rapid growth: "People want to work for a company that is flourishing."

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