

As companies grow their needs change.....

A company will move through several stages. In the survival stage it is important to build brand awareness and improve the quality of the product so that its distinctiveness and value is clear to the customer.

In order to grow, firms must capitalise on the security of the product offering, expand their markets, focusing on new customer groups and perhaps geographical areas (see figure 1).

	Present product	New products
Current market	1 Market penetration	3 Product development
New markets	2 Market development	4 Diversification

Figure 1 – Strategy options

The company may be **constrained** particularly by deficiencies in the management team, especially in marketing and I.T. where there are limited resources, a lack of specialist expertise and where previously there has been a limited impact in the market place.(and this will have to be addressed perhaps by more creative and resourceful marketing) and there may be a rise in competition; if it succeeds in stealing competitor business, there may be retaliatory marketing activity and if it starts an e-commerce business, it will face competition from web based rivals. The potential market size is crucial and must be measured.

Growing companies should be aware of the most likely crises and their solutions:

- Overtrading. Faster sales mean larger inventory and receivables which might cause a cash flow problem.
- The increased complexity of expanded distribution channels. This will require a change in organisational structure and management style towards delegation.
- Change in the basis of competition. There may be large competitors on the internet using economies of scale to compete via low prices and so there will be a need for external focus – A greater focus on customer needs and adding value and on the competition as the increased activity on the web might bring retaliation.
- Pressure for information. More advanced formalised control systems will be required.
- Flaws in new systems or their implementation could lead to customer complaints and a drain on management time.